



UNIVERSITY  
OF TASMANIA

# Public Sector Grants: An Analysis of Complexity in Modern Public Administration

by

Peter J. Georgelas, Sc.D. (University of New Haven, Connecticut, USA)

Tasmanian School of Business & Economics

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## **ABSTRACT**

This thesis explores the dependency between non-governmental organizations (NGOs) and government funding in the form of grants. It utilizes a case study approach and an interpretive analysis of NGO operations based on a theoretical framework that operates at the intersection of three literature domains: systems theory, community sector, and public administration. Because of the gaps in our theoretical understanding of NGO operations, a parsimonious scaffolding built by system dynamics will help illustrate the multiple frames which the stakeholders perceive they operate under, the patterned behaviour inherent in the grants system, and the complexity issues involved in such a system.

In the past three decades, the number of NGOs has increased dramatically. Internationally operating NGOs now number about 40,000 (Leverty, 2014: para. 5). As of 2009, Australia had approximately 700,000 NGOs; in 2006/7, Australia's top 41,000 nonprofits employed 890,000 people or 8.6% of employed Australians according to Lyons (2009: 1-2). As of 2008, Russia had about 277,000 (although this figure is a decrease from a high of 650,000 in the early years of President Putin's first term) according to Rodriguez (2008: para. 5). As of 2012, the United States has an estimated 1.5 million NGOs operating in that country (U.S. Department of State Fact Sheet, 2012: 2). As of 2009 (the last year NGOs were accounted for there), India had around 3.3 million, which is "one NGO for less than 400 Indians" according to Shukla (2010: para. 1). Although NGOs have a variety of fundraising sources (e.g., canvassing/face-to-face solicitation, media advertisement, mail-outs, membership, merchandise sales, online donations, special events, private funding through investments and corporate grants, grants from trusts and

foundations, etc.), it is government funding through grants that in general is their major source of considerable funds.

Prior research into NGOs has been rather limited and has generally focused on their legal status, societal role, and funding sources, and to a lesser extent on the applicability of some organisational theories in a nonprofit environment. However, it is the contention of this research effort that these organizations and the systems they are imbedded in have evolved into such complex entities that existing theoretical models which tend to view these entities under a single paradigmatic lens are no longer sufficient. These models lack explanatory power in their ability to explain not only the workings of the entities but also the unintended consequences of their operations.

This study attempts to investigate these unintended consequences brought about by complexity and to highlight them through a systems theory framework as a result of exploratory case study research. This investigation is framed by the following overarching research question:

*Research Topic: How do government grant recipients in Tasmania manage the complexity of the public sector grants system?*

and the following specific research questions:

*Research Question One: Are there any system archetypes noticeable in the public sector grants system?*

*Research Question Two: Is the complexity of the public sector grants system increasing, and if so, why?*

This study was primarily informed by systems theory and utilized various theories surrounding the issue of complexity to illustrate key issues and themes. NVivo, a qualitative data analysis

software program, was used to undertake an analysis of interviews with key NGO personnel regarding their perspectives on funding and operations. This study identifies several “systems archetypes” of unintended consequences in the Tasmanian public sector grants system due to the zero-sum nature of government grants funding and attempts to display them in a systems model.

This study’s findings call for a synthesis of the existing literature and the use of a multiple theoretical lens to cast further light into the complex problem of public policy allocations and the wider issue of social well-being. It also points out adjunct areas ripe for future research which include: resource allocation under scarce conditions, complex problems and multi-optimal decision making, interactional complexity and system “fragility,” funding management in relation to organisational complexity, the social management of public attention in regard to complex problems, and social well-being.

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## **GLOSSARY OF TERMS\***

### Balancing Process

Combined with reinforcing loops, balancing processes form the building blocks of dynamic systems. Balancing processes seek equilibrium: They try to bring things to a desired state and keep them there. They also limit and constrain change generated by reinforcing processes. A balancing loop in a causal loop diagram depicts a balancing process (page 127).

### Causal Loop Diagram

A causal loop diagram (CLD) is one of the tools of systems thinking. Causal loop diagrams capture how variables in a system are interrelated. A CLD take the form of a closed loop that depicts cause-and-effect linkages (127).

### Feedback

The return of information about the status of a process. Example: annual performance reviews return information to an employee about the quality of his or her work (127).

### Reinforcing Process

Along with balancing loops, reinforcing loops form the building blocks of dynamic systems. Reinforcing processes compound change in one direction with even more change in that same direction. As such, they generate both growth and collapse. A reinforcing loop in a causal loop diagram depicts a reinforcing process. Also known as vicious cycles or virtuous cycles (129).

### System

A group of interacting, interrelated, or interdependent elements forming a complex whole. Almost always defined with respect to a specific purpose within a larger system. Example: An R&D department is a system that has a purpose in the context of the larger organization (130).

### Systems Archetypes

One of the tools of systems thinking. Systems archetypes are the “classic stories” in systems thinking—common patterns and structures that occur repeatedly in different settings (130).

\*All terms taken verbatim from: Anderson, V. and Johnson, L. 1997. *Systems thinking basics: From concepts to causal loops*. Waltham, MA: Pegasus Communications, Inc.

# CHAPTER 1

## Overview

### 1.0 Introduction

This thesis was started contemporarily with the opening of the first-ever Collective Impact conference in Sydney, Australia in February 2014. Hosted by The Centre for Social Impact, Social Leadership Australia, and StartSomeGood, the conference gathered a “range of players from across the government, not-for-profit, philanthropy and business sectors to develop the skills they need to collaborate effectively” (Centre for Social Impact, 2014b: para. 1). The conference focused on large-scale social change by encouraging participants to move away from their highly “siloe” sectors where other organisations are seen as competitors, decisions are made based on the anecdotal success of small-sample programs, and their sectors lack common metrics (Mitchell, 2014).

The Collective Impact collaborative network approach grew out of research into the welfare system in the United States where clients often have multiple problems that require “the synchronous provision of a range of complementary services” (Centre for Social Impact, 2014a: para. 4). Any social problems that are multifaceted are the target of this approach as in the example of the juvenile justice system in the U.S. where multiple client issues have to be tackled (e.g., education, poor housing, mental health, employment, etc.) for young people starting to encounter that system (Mitchell, 2014). However, the issues involved in the conference could apply to any sector where multiple organisations are trying to secure funding for inventing or implementing independent solutions to complex social problems. The Collective Impact approach is referenced in this research because it deliberately

highlights a key component of the government grants system that will be explored herein. It holds that:

The social sector is filled with examples of partnerships, networks, and other types of joint efforts...but few were successful enough to effect complex solutions and sustainable change (Gibbs, 2014: 1).

Complexity abounds throughout government grants systems. Government funding to a large extent seems to dictate the population of the social sector but also its organisational forms, operations, and networks of cooperation and competition. As there is no universally accepted way to study complexity, the researcher has selected systems theory as the means to come to grips with it and will use this approach in a metatheoretical way to describe various complexity issues using the relationship between Tasmanian<sup>1</sup> NGOs and Government in the context of grant funding as a specific instance of a much larger research agenda.

This chapter therefore highlights the three basic concepts that frame this research effort, namely:

1. Complexity (What is its nature and ramifications for organisations?)
2. System Theory (How can we describe the structure of complexity?)
3. Government Grants System (A particular case of a multitude of elements all affected by complexity at many levels.)

This chapter will provide additional rationale for the research into the government grants system specifically, to present the research questions that framed the study and the empirical focus of the investigation, and to outline the structure of the thesis.

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<sup>1</sup> Note: Tasmania is a state within the Federal system of Australia.

## 1.1 Rationale for the thesis

In the context of public policy instruments, government grants<sup>2</sup> (hereafter referred to as public sector grants) stand alone as an allocation category. Much more ad hoc and less structured than other instruments of government such as budgets and programs, grants are also distinctive in their ubiquity on a global basis and resource allocation levels. According to Dr. Andrew Young, of the approximately \$250 billion budgeted yearly for social purposes in Australia, \$30 billion is dispersed to nonprofit organisations via grants (Young, 2013). Of the \$90 billion or so in annual income for nonprofits, approximately \$45 billion comes from fees for services, \$30 billion from government grants, \$15 billion from fundraising, and \$1.5 billion from foundations and high net-worth individuals (Young, 2013). There are over 60,000 charities and nonprofits registered in Australia by the Australian Charities and Not-for-profits Commission (ACNC)—a \$55 billion sector (Dingle, 2014). In Tasmania, about 20% of its budget—\$540 million per annum—is disbursed through grants. As of this writing, there are 500 Tasmanian charities and nonprofits registered in the ACNC public registry (see the following website: <http://www.acnc.gov.au/ACNC/FindCharity>). However, there is a dearth of academic literature regarding almost all features of their funding, including the allocational efficiency and effectiveness of grants in terms of the programs they ultimately fund. Indeed, Wilsker (2011) in her thesis on grant funding could point to only a single study of the “determinants of government funding at the organizational level” (13). While there are extensive subsections of literature covering broader government/NGO relations

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<sup>2</sup> Note: The Commonwealth of Australia is a federal constitutional monarchy under a parliamentary democracy with three levels of government—Federal, State, and Local (Council). Various agencies compete for grants from each level of government in order to provide social, economic and environmental support and services. This thesis is primarily concerned with the grants system at the State level.

(frequently highlighted in publications such as Productivity Commission reports--see for example “*Charitable organisations in Australia*” (1995), “*Contribution of the Not for Profit Sector*” (2010), and the “Improving the evidence base for the ‘not-for-profit sector’” material in Chapter 1 of its *Annual Report 2009-10* (2010)) and much written about topics of mutual concern such as community engagement, accountability, and issue-based topics such as aged care or home-based care (see for example the Department of Premier and Cabinet/Community Development Division’s Consultation Paper, *A Tasmanian Government Framework for Community Engagement* (2013), the Tasmanian Council of Social Service’s Interim Report “*Making a difference-Towards an outcomes, performance and accountability framework for Tasmanian community services*” (2010), and the Productivity Commission’s Inquiry Report, “*Caring for Older Australians*” (2011)), this literature is not at an organizational level.

Why then, in an era of evidence-based reasoning across multiple disciplines, is such an instrument still a favourite of governments worldwide for funding non-governmental organisations (NGOs)? Professor David Adams (2010, pers. comm., 6 May) postulates the following reasons for their continued use:

- The scale of the social problem does not justify a government program.
- Government cannot or does not want to address the social problem by other means at a certain point in time.
- Their transaction costs are lower than that of government programs.
- They are useful for pilot or incubation work.
- They encourage creativity outside of fixed programs.
- They are a safety valve to deal with social pressure points.

- They are “speedy”.
- They are usually short-term and one-off versus a recurrent commitment.
- They enable political decisions outside of normal channels.
- They can be used as a political “award” mechanism.

As an entry point into the subject, Professor Adams first suggested investigation of the Tasmanian Community Grants Program which at that time was being reviewed by the state government for a possible merger between its two funds—the Community Support Levy and the Tasmanian Community Fund—under an independent body. It was through this research that the sometimes paradoxical nature of government grants was encountered as one part of this Grants Program was used by the Tasmanian government in part to offset concerns about community gambling (gaming operators within a Tasmanian hotel or club must pay 4% of gross profits from gaming machines to the Community Support Levy—50% of the Levy’s distribution involves issues of problem gambling). [Note: The Board of the Tasmanian Community Fund (used to provide grants to nonprofits) was recently scrapped by the new state government (Smith, 2014: para. 9).] The research effort quickly broadened out to encompass the entire local grants system and the stakeholder perceptions of it. Understanding the public sector grants “system” (or set of interrelated parts—see Glossary of Terms) ultimately required an investigation into the perceived complexity of the system by its key stakeholders.

Because of the deficiencies in past research efforts in dealing with how the stakeholders of such a highly contested system respond to one another and adapt to changes in the system, it is hoped that this work can help explicate and model some of the key public

sector grants system elements. Also, it is assumed that work in this area will help to eventually provide a foundation case for the development of some new measure of “well-being” from a multidimensional perspective, possibly utilizing multiple criteria decision making that deals with resource allocation under scarcity and using concepts at the intersection of multi-objective optimization, welfare economics, social justice, and social inclusion. This in turn would contribute both to public management and public policy research efforts in each of these areas.

Three major factors help explain the need for such a study at this time. First is the Australian Commission of Audit’s very recent suggestion that “significant changes are needed to the implementation of some 500 government grants” according to a recent radio broadcast (Aly and Huntley, 2014) which featured the former Secretary of the Department of Prime Minister and Cabinet, Terry Moran. During this broadcast, Mr. Moran addressed this point in relation to the inevitability of cuts to public service jobs:

So I think those things can be done without cutting programs, but there are these hundreds of discretionary grants programs that sprinkle programmatic confetti all over the country and account for thousands of people in Canberra and are hugely expensive to administer, and as the Commission rightly says that they should be rationalized—that too would mean that public service jobs over time would be reduced (Aly and Huntley, 2014).

Second is a movement sweeping multiple countries that has governments downsizing their direct efforts in public sector social welfare programs in favour of transferring these responsibilities to NGOs. Since government/NGO relationships are ubiquitous across the public sector grants systems of multiple countries, these relationships are set to be one of the prime areas of research in the near future into the ongoing phenomenon of public policy



implementation by nonprofits. Thus, this interface is the starting point for the current research.

Third is the perspective from within the community sector that grants play such an important role in almost every aspect of their operation. The interplay between key areas of concern within an NGO (e.g., client selection, mission, organisational reputation, retention, morale, service quality, etc.) all seem to point back to funding as a major factor that appears intimately tied in with the concept of organisational complexity. Thus, it is the matter of complexity and funding dynamics that the community sector needs to address in order to better understand complexity's effects on all of its other aforementioned concerns.

## **1.2 Research opportunity and research questions**

The Tasmanian government grants system is the research focus of this thesis. Systems theory informed by issues concerned with the concept of complexity is the vehicle which led the researcher to a research topic which is presented here in the form of an overarching research question:

*Research Topic: How do government grant recipients in Tasmania manage the complexity of the public sector grants system?*

This topic was then further refined into two specific research questions:

*Research Question One: Are there any system archetypes noticeable in the public sector grants system?*

*Research Question Two: Is the complexity of the public sector grants system increasing, and if so, why?*

In order to answer Research Question One from an operational perspective, the study will seek out any systems archetypes (i.e., patterned behaviour—see Glossary of Terms) which present themselves in the case analysis and try to highlight any unintended consequences or “push back” exhibited by stakeholders. It will also try to discover if the perceptions of stakeholders have changed over time. To answer Research Question Two, the study seeks to delve into aspects of transactional cost issues for both the government and NGOs. A qualitative approach to these research questions is taken because the research design met the guidelines of that approach as outlined by Creswell (2007) with its goal being a “holistic” sketch of the “larger picture that emerges” of the issue under study (Creswell, 2007: 39). A case study methodology was selected to address these research questions for two reasons: 1) case studies are selective and focus on “...one or two issues that are fundamental to understanding the system being examined” (Tellis, 1997: 2), and 2) case studies are analyses built on multiple perspectives which is quite relevant on a research stage so populated by a variety of independent actors:

This means that the research considers not just the voice and perspective of the actors, but also of the relevant group of actors and the interaction between them. This one aspect is a salient point in the characteristic that case studies possess (Tellis, 1997: 2).

### **1.3 Research focus of the thesis**

In order to understand the data and to place it within a theoretical framework that could be approached from a multitude of perspectives, systems theory with a particular focus on the issue of complexity was applied in this thesis. The data for this thesis was mainly

derived from interviews of high (CEO) and grant officer level executives of Tasmanian NGOs which are members of the Tasmanian Council of Social Service (TasCOSS)—the peak body for the community services sector in Tasmania. It was determined that officers at these two levels were best able from the NGO point-of-view to give a systems-wide perspective of their interactions with other stakeholders in the public grants sector. Since there is little available literature on public sector grants systems in general and their stakeholder perceptions of the complexity of such systems specifically, this thesis could be regarded as a ground level contribution to the understanding of such complex systems.

It is intended that by starting the process of formulating a systems theory-oriented view of the public sector grants system from the perceptions of major stakeholders in the local arena, a more generalizable framework can be derived and research propositions for follow-up investigations can be generated from this framework. However, due to the nature of case study research, the question remains open as to whether: 1) all other Tasmanian NGOs regardless of classification and scale of operations interact with this particular grants system in the same way as those described herein, and 2) whether all public sector grants systems in other domains share enough of the features of the local system such that the suggested framework would be immediately familiar to them. Furthermore, an extension of the framework into any domain that has government funding and stakeholders playing a zero-sum game of funding is also problematic but is it anticipated that the exploratory research insights herein can help form the basis for such future public policy research efforts.

## **1.4 Structure of the thesis**

Six chapters provide the details of this study and its findings. Chapter One has explained the rationale for the study in its observation of the under-researched nature of this important government instrument in relation to its stakeholders, the recent interest in new paradigms of government/NGO collaboration, and desire to understand the complexity issues that surround this topic. Chapter Two will establish the theoretical context of the study by examining and utilizing the literature from multiple disciplines.

Chapter Three will detail the research design and methodology of this thesis. It includes the rationale for utilizing a qualitative approach and the analysis of the data gathered using qualitative analysis software.

Chapter Four will outline the multi-pass coding approach undertaken with the qualitative analysis software which resulted in a new conceptual systems model of the data. This chapter also includes selected interview text which will illustrate a number of findings about the local public sector grants systems model.

Chapter Five will discuss the research findings and their implications for theory development and will also widen the discussion by exploring an extension of the research into other areas in an attempt to address the concept of social “well-being” from a multidimensional perspective. Chapter Six will highlight some of the study limitations and offer suggestions for further research.

## **1.5 Conclusion**

This chapter has conveyed the rationale for exploring the public sector grants system of Tasmania. It has briefly described its empirical focus on its sample of NGOs, and it explains the structure of the remaining sections of the thesis and how the findings will be presented. Chapter Two will primarily present the background literature on the three concepts that frame this study—complexity, systems theory, and (agents within) government grants systems—in order to lay the groundwork for the development of a theoretical framework that can encompass all of those topic areas.

## **CHAPTER 2**

### **Literature Review**

#### **2.0 Introduction**

There are a number of relevant bodies of literature which highlight theories on nonprofit organisations and their relation to public policy of which grants are a subset. However, as the researcher points out throughout this chapter, there is no consensus on which theories (if any) have universal applicability. To avoid slanting the study toward a particular theoretical orientation which has no research precedent for the Tasmanian grants system, a broad descriptive overview of the interactions between this local grants system (its supporting processes and personnel) and local nonprofits was called for in the initial identification of a culturally relevant theoretical framework. Systems theory was chosen to present those interactions in a theory-neutral manner and complexity theory allowed the researcher to highlight the intricacy of those interactions. Utilizing the perceptions of the study participants of the basic operating principles of the local grants system, the researcher in this way hopes to glean what theories might eventually be germane to this local grants system and whether these theories might be pertinent to more disparate grants systems found elsewhere. The precedent for the selection of systems theory as an overarching framework was found in many works across social science research, most notably that of Gabriele (2014) which also used this framework to explore organisational complexity issues, Leong and Leach (2008) which used systems theory to help understand which study factors were universal versus which were contextual, and Mayrhofer (2004) which describes “the openness for additional theories” which systems theory allows for when used as an overall framework (178).

This chapter uses five subsections to explicate the actors and issues involved in this research. Section 2.1 provides the rationale for viewing NGOs and Government as part of broader sector-based categories. Section 2.2 explores some interlinked issues regarding public policy, public administration and organisational theory. Section 2.3 looks at Government and its public policy role. Section 2.4 examines the choice of systems theory in greater depth, while Section 2.5 explains the differences between complex problems and other forms of complexity. An additional subsection, Section 2.6, briefly highlights the key sources used in this literature review and may serve as a guide to future researchers.

## **2.1 Organisations by sector**

This study's principle agents are Tasmanian NGOs and its Government. These entities should be placed in some kind of conceptual taxonomy. One way to conceptualize the various actors in this study is to employ an adaptation of Keynes' widely-used three sector model which holds that from a macroeconomic perspective, each economy is dominated by a household sector, a business sector, and a government sector with the interplay of spending, investment, and monetary and fiscal policies which emanate from their respective sectors leading to aggregate joint effects (Keynes, 2009). Although there are some differences in the way governments differentiate membership in each sector, this formulation of economic agents into sectors remains a popular way to differentiate an economic system's stakeholders. Although households (families) are usually not referred to as a "numbered" sector in various economic models (due to its composition of individuals rather than

organisations), the private sector (business) has generally become known as the First Sector and the public sector (government) is usually designated as the Second Sector. More recently, two additional sectors—a social sector consisting of nonprofits (also known as the Third Sector), and a social enterprise sector consisting of a collection of “hybrid” (Feiss, 2009: para. 3) for-profit and nonprofit organisations (aka the Fourth Sector) are being added into this sector-based taxonomy. It is interesting to note that “the concept of nonprofit organizations as a unified and coherent sector dates back only to the 1970s” (Block, 2004, cited in Horton, 2013) in part because traditional economic theories ignored nonprofits—taking the position that nonprofits were “outside” of rational economic approaches (Horton, 2013: 3). Also of note, some view the last sector category, the social enterprise sector, as still immature but a “radical innovation” (Dart, 2004: 411) that simply suffers from a current lack of widespread government recognition and support. Others (Evers, 1995 & Tvedt, 1998, both cited in Lewis, 2007: 70; Dees and Anderson, 2003) view the entire sector-based approach as limited due to boundary issues between sectors.

As this research is primarily focused on Australian organisations, the researcher notes that the Australian Bureau of Statistics (ABS) formally defines only the following sector groupings in its Glossary of Standard Economic Sector Classifications. These verbatim definitions from the ABS Glossary (2008) are as follows:

1. Household: A group of persons who share the same living accommodation, who pool some, or all, of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food (1).



2. Non-profit institution: A legal entity which: (1) is created for the purpose of producing goods and services, and; (2) whose articles of association prohibit it from being a source of income, profit or other financial gain to the units that establish, control or finance the legal entity (1).
3. Private sector: The combination of the household sector, the NPISH [non-profit institutions serving households] sector and all resident corporations and quasi-corporations not controlled by the general government sector (1).
4. Public sector: The combination of the general government sector, and all resident corporations and quasi-corporations controlled by the general government sector (1).

Operationally, there are differences between countries in how nonprofits come into being (e.g., as incorporated or unincorporated organisations, as trusts, or as associations), in their operating domain (e.g., federal or state incorporation) which affects their fundraising, and in their tax status. In Australia, there are four choices when founding a nonprofit—becoming a “co-operative society, a company limited by guarantee, an incorporated association or society under the Associations Incorporation Act 1985, or an incorporated associated or council under the Commonwealth Aboriginal Councils and Associations Act 1976” (Our Community Matters, 2014: para. 3). A nonprofit in Australia that wishes to register as a charity must do so through the Australian Charities and Not-for-profits Commission (ACNC), and those organisations that seek tax exemptions must go through the Australian Tax Office (ATO).

Because they have been established with different purposes (e.g., some focus on economic, environmental, political or social issues at local, national, or international levels) under different government systems across many cultures over several centuries, nonprofit organisations are known by different names throughout the world. Common nonprofit

terms include—association, charity, civil or Big Society organisations, cooperative, INGOs (international NGOs), intermediary, NFP (not-for-profit), NGO (non-governmental organisation), voluntary organisation, etc.—and often these terms overlap (Lewis, 2010: 1056). Indeed, researchers in this area are often “beset by a bewildering set of terms and acronyms” (Lewis and Kanji, 2009: 7).

Given the research focus on Australian NGOs, the literature review in this area concentrated mostly on the definition of an NGO, NGO history, and their place in the research literature of organisations. As to the first issue, there is no one definition of an NGO since delineating their boundaries has proved quite elusive (Grant, 2012; Minow, 2002). Lewis (2010) states the case this way:

‘NGO’ as an analytical category remains complex and unclear. For example, despite the fact that NGOs are neither run by government, nor driven by the profit motive, there are nevertheless some NGOs that receive high levels of government funding, and others that seek to generate profits to plough back into their work. Boundaries are unclear, and as one might expect from a classification that emphasizes what they are not rather than what they are, NGOs therefore turn out to be quite difficult to pin down analytically. This has generated complex debates about what is and what is not an NGO, and about the most suitable approaches for analyzing their roles (1057).

While certain dimensions (e.g., legal, economic, or functional) have helped past researchers define NGOs, others (e.g., Salamon and Anheier, 1992, cited in Lewis, 2010: 1058) seek broader operational definitions based on more “holistic” organisational characteristics. As a point of self-orientation, the researcher primarily relied on the following definition by the United Nations as he found it to be one of the most comprehensive:

A non-governmental organization (NGO, also often referred to as ‘civil society organization’ or CSO) is a not-for-profit group, principally independent from government, which is organized on a local, national or international level to address issues in support of the public good. Task-oriented and made up of people with a common interest, NGOs perform a variety of services and humanitarian functions, bring public concerns to governments, monitor policy and programme implementation, and encourage participation of civil society stakeholders at the community level. Some are organized around specific issues, such as human rights (United Nations, n.d.: para. 1).

Although NGOs have “existed in some form or another as far back as 25,000 years ago” (NGO Handbook, 2008: para. 2), Levitt (2012) begins the more modern historical trace of NGOs through their early beginnings as voluntary associations in Britain “a thousand years ago” and through the charitable trusts established there in the sixteenth century (27). Also of note, humanitarian associations in China of the 13<sup>th</sup> century, in Amsterdam of the 18<sup>th</sup> century, and smallpox eradication-oriented “humane societies” in various countries of the early 19<sup>th</sup> century are also recognizable forerunners (Davies, 2013: para. 4). Some see NGO precursors rising “out of social movements”—from European immigrants in the United States banding together to form associations (New World Encyclopedia, n.d.: para. 10) to Atlantic world anti-slavery groups of the late 18<sup>th</sup> and early 19<sup>th</sup> centuries (Davies, 2013: para. 5) to anti-establishment organisations in Italy and Sweden a century ago (New World Encyclopedia, n.d.: para. 10). In more modern times, NGOs were awarded consultative status with the United Nations Economic and Social Council in 1947 “in accordance with Article 71 of the UN Charter” (United Nations, n.d.: para. 2).

From that point, the reputation of NGOs moved from “relative obscurity during the 1960s and 1970s to sudden prominence in the 1980s”—by the early 1990s, NGOs had “a central position in development policy and practice” (Lewis and Kanji, 2009: 204). By the

1990s, the “dominant view of NGOs was essentially one of heroic organizations seeking to ‘do good’ in difficult circumstances” (Lewis and Kanji, 2009: 19). However, according to Lewis and Kanji (2009), criticism of NGOs has increased from agents across the political spectrum since then partly because their “novelty value” has worn off (19) and partly because “there are surprisingly few data available relating to the performance and effectiveness of NGOs in either development or emergency work” (20).

The field of “nonprofit studies” really only began in earnest in the 1990s with two major research topic streams—those focusing on “the range of organizations which exist, their relationships to policy, and the organizational challenges they face,” and those studying the differences in such organisations in developed versus developing countries (Lewis, 1999: 74). However, the entire body of nonprofit literature suffers from some important limitations. Some of the most notable deficiencies are summarized below:

1. There is a research bias toward the study of larger nonprofits: “Much of the third-sector research literature has so far focused on larger, bureaucratic forms of organization, such as international NGOs like Oxfam or Save the Children Fund, or welfare service agencies such as the YMCA. There has been much less emphasis on small-scale, local, or ‘associational’ forms of activity, particularly those concerned with ‘self-help’ and mutual support in membership organizations” (Lewis, 1999: 75).
2. The field is dominated by Western models of organisation, culture, and associations: “The study of Western third-sector organizations, whether U.S. nonprofit organizations, U.K. voluntary agencies, or international development NGOs, brings with it a set of assumptions and biases rooted in the history, values, and cultures of the West” (Lewis, 1999: 75).
3. Key research issues such as bureaucracy, development, and policy have been studied in siloed disciplines and only recently have interdisciplinary approaches by “economists, sociologists, political scientists, and anthropologists” for example been attempted (Lewis, 2009: 3).

4. There are separate bodies of literature: For example, the literature on nonprofits and the literature on NGOs are “largely separate and relatively little referencing has taken place between them” (Lewis, 2008: 4). In addition, there are “two ‘parallel universes’ of academic literature” on third sector organizations in developed countries and those in developing countries (Lewis, 2008: 10).
5. Case studies on NGOs were “often undertaken by researchers working in ‘consultancy’ mode on behalf of NGOs themselves or their donors and so sometimes [are] lacking in objectivity” (Lewis, 2009: 3).
6. NGOs still remain difficult to research: “...many prefer to prioritize their day-to-day work rather than grant access to researchers” (Lewis, 2009, 3). Consequently, there is “little work which examines what actually goes on inside these organizations” (Lewis, 2007: 198).

To this list, the researcher would also add that there simply does not exist a consensus in the field as to the applicability of any particular organisational theory to nonprofit organisations. To that point, Lewis (2007) is quite explicit: “...there is very little effort made to link the concerns of the third sector literature and the NGO literature around organization and management issues” (202). Lewis (2007) also pointed out that at that point in time one could utilize with confidence only some limited foundational work by some key researchers such as the sociologist Amitai Etzioni who explored “why people become involved in organisations, and the different kinds of power relationships which determine organisational forms” (67), and the work of marketing management researcher Theodore Levitt who helped lay the groundwork for understanding organisational differences and how those differences affect public policy (67). As third sector research widened from its early base of public administration researchers in the 1970s to management researchers in the 1990s and beyond, perhaps the only consensus that has been reached is that “third sector organizations differ from organizations in the public and private sectors because there is no clear link between the

providers of funds and the users of the services” (Lewis, 2007: 193). There have also been some good surveys, model-building, and research work done in the nonprofit field (mostly in the areas of leadership, organisational change, and capacity building), but all in all, one can easily come away from a review of the field with the firm belief that we are still very much at the level of metaphor and the development of conceptual frameworks (Lewis, 2007). In part, this is due to the very nature of nonprofits which can be very difficult to pin down:

For example, for radicals who seek to explore alternative visions of development and change, NGOs may be seen as progressive vehicles for change. For conservative thinkers seeking private alternatives to the state, NGOs may be regarded as part of market-based solutions to policy problems (Lewis, 2010: 1057).

Perhaps this is why Lewis (2010) goes so far as to view NGOs as a sort of “tabula rasa, onto which a range of current ideas, expectations, and anxieties about social transformation are projected” (1057).

Perhaps most disturbing in the context of this research is the general lack of research in the wider third sector literature on the efficacy and efficiency of nonprofits, which is surprising due to the heavy reliance on NFPs as “deliverers of government funded services” according to a 2010 Productivity Commission report. Nonprofits account for about 50% of social services in the United States (Salamon, 1990, cited in Payne, 1998); in Australia, the nonprofit sector “employs more than one million Australians—eight per cent of the workforce—and has an annual turnover of around \$100 billion” (Stewart, 2014: 39). In the Productivity Commission’s report on the NFP sector (2010), a good example of government dependency on the sector comes from Tasmania via its Department of Health and Human Services (DHHS) which established the Office for the Community Sector “reflecting the

significant investment that the Department has within the Tasmanian community sector”

(301):

In total, this investment is approximately \$170 million to 240 organisations contained within 400 service agreements and providing for 114 different service types. This equates to approximately 10 per cent of the total departmental budget... (301).

Although a Productivity Commission’s report (2010) calls for flexibility in contracting, streamlining of tendering, and the use of new models to tackle “intractable” problems” (see section 2.5), one is still left with the impression that the field is dominated by bureaucratic complexities such as “...the short-term nature of government service agreements and contracts; poor risk management; heavy handed contractual and reporting requirements; and the degree to which contracts are being used to ‘micro manage’ providers” (297), the extent and implications of which have not yet been a major research focus.

In summary, even though the NGO domain has a broad literature pool to draw from in terms of its history and conduct across many cultures, the two major issues concerning them that this thesis is primarily concerned with are: 1) the usefulness of organisational theories to understand them, and 2) the taxonomic difficulties of determining the boundaries of these organisations. In the former case, a review of relevant empirical theory is undertaken in the next section. In the latter case, the application of systems theory to NGOs is a relatively new undertaking with some researchers using the idea of “communication networks” under a systems framework to better define third sector boundaries (Corry, 2010; Ferreira, n.d.; Ferreira, 2014) while others like Walby (2007) trying to reformulate the concept of a system in order to reach a “synthesis of complexity theory with social theory” (450). However, while this emergent systems literature with its generally positive assumptions about systems

theory in a social context has had some impact in the field, in general it is best to remember that it is still a contested field of non-unified principles.

## **2.2 Public policy, administration and organisational theory**

To extend on the point made in the previous section on the lack of consensus in the field as to the applicability of any particular organisational theory to nonprofit organisations, this situation is made more difficult by the plethora of philosophical, organisational, and behavioural theories that can be applied to the other stakeholders in the grants system. For example, how does a Citizen Agent react to Government policies? Are policies driven from the grassroots, or by elites in society? Do asymmetries in power and influence amongst stakeholders create a policy monopoly by certain groups?

Focusing for a moment on Government as a stakeholder and its key roles as policy creator, implementer, and enforcer—roles which act as key drivers for the grants system—Pressman and Wildavsky (1984) suggest that government policies are in actuality the way in which Government conducts hypothesis testing: “If X is done at time  $t_1$ , then Y will result at time  $t_2$ ” (xxii). For this reason, they assert that all “policies imply theories” (Pressman and Wildavsky, 1984: xxiii). But what theories generate Government policies? Does formal economic theory dominate? Narrow Public Value theory, or a wider Value theory of public “good”? Older notions of Weberian bureaucracies and specialist decision makers, or more recent Public Management theories like New Public Management (NPM) with its focus on efficiency and “transaction cost economics” (O’Flynn, 2007)? Is it some combination of social and political philosophy? Or are organisational theories more closely aligned to public



policy formulation? For example, does the “garbage can” model, wherein the Government could be conceived of as “a collection of choices looking for problems, issues and feelings looking for decision situations in which they might be aired, solutions looking for issues to which they might be the answer, and decision makers looking for work” (Cohen *et al.*, 1972: 2), offer the appropriate level of analysis? Or is Kingdon’s (1995) multiple streams model which according to Cohen-Vogel and McLendon (2009) adheres to some aspects of rationalism and incrementalism but explains policy formulation mostly in terms of the agendas of the agents involved better suited to such analytical endeavours? Or does some other yet-to-be-discovered organisational behaviour theory entirely hold sway? At this time, it is probably best to reiterate Saetren’s (2005) observation that “we are not even close to a well-developed theory of policy implementation” (573). This state of affairs can tempt any researcher into asking whether the entire system is just a “soup” of “organized anarchy” and chaotic processes.

However, certain organisational theories were worthy of greater review because they apparently did serve as frames of reference for the survey participants themselves. Although it is doubtful the participants could elucidate in detail the formal theories, there were enough commonalities in their responses to suggest that the participants’ perspectives reflect a complementary system of multiple frames (Allison and Zelikow, 1999; Davies and Mabin, 2001; Daellenbach, Davies and Ashill, 2006).

The first frame encountered was a resource-based view in the conceptualization of public sector grants offerings to NGOs. It is important in the context of this study, because it allows the researcher to highlight how “resource dependent” such organisations can be:

Resource dependence is the term used to describe the state of needing outside resources for survival. This dependence causes organizations to work to maximize the amounts and stability of these funds and also work to minimize the effects of this dependence on the organization. Organizations must interact with and maintain relationships with those who control nonprofit resources at levels varying with the importance and concentration of resources (Katz and Kahn, 1996, cited in Vance, 2010: 12).

Parts of neo-institutional theory which identifies major organisational pressures to conform to a standard (DiMaggio and Powell, 1983) has also informed this research as a frame of reference, most notably in the stakeholders' assumption [Note: This "assumption" arose primarily in the context of the participants' description of their operating environment.] that all nonprofits operating in the similar culture, region and regulatory environment of Tasmania will exhibit similar patterns of behaviour. This is a phenomena identified by prior researchers as "institutional isomorphism" (Scott, 1987, cited in Covalenski and Dirsmith, 1991: 147; DiMaggio and Powell, 1983, cited in Dolnicar, Irvine and Lazarevski, 2008: 109). This frame is especially useful in explaining how a nonprofit's fundamental mission "can be threatened" (Lazarevski, Irvine and Dolnicar, 2007: 2) when grants are accepted:

Organisations experience extreme pressures to appear accountable in order to demonstrate and maintain their legitimacy as 'worthy' recipients of scarce funds. As a result of this pressure, institutional isomorphism occurs (DiMaggio and Powell, 1983), whereby there is a tendency of organisations within the same field to conform and take on similar structural characteristics (Lazarevski, Irvine and Dolnicar, 2007: 2).

Some of the principles of social network theory also inform this research as a possible frame. These principles articulated by the participants in their descriptions of the interplay of organisations in their field help explain how some organisations (specifically the resource poor) have been encouraged to seek out relationships with other organisations or funding

agents (who are either more resource rich or are seeking to promote certain social causes) (Daellenbach, Davies and Ashill, 2006).

Finally, some aspects of a life cycle frame wherein “organizational challenges vary across the stages of the organizational life cycle” (Quinn and Cameron, 1983, cited in Daellenbach, Davies and Ashill, 2006: 77) has allowed the researcher to think about the resource dependent nature of nonprofits not only across their respective history but across their efforts at forming relationships with other system elements. This potential frame arose via the participants’ multiple references to different organisational issues on an evolving basis.

## **2.3 Government and public policy**

As this research is primarily interested in a particular tool (namely, grants) that many governments use to carry out public policy, it might first be prudent to review some of the key terminology when talking about Government. First, it is probably unwise for any researcher to view any government as an “undifferentiated entity” (Hood, 2007: 134) because that is not the conclusion of the weight of research in the field of public administration. Rather, a more accurate perception of government would be to view it as a multi-tiered organisation dominated by the multilayered goal structures and drives of its members (Downs, 1967). Indeed, Colebatch (2010) describes researcher perceptions of government in the following way:

They tend to find that ‘the government’ is not so much a coherent entity as a broad category of participants, with distinct and often conflicting agendas; one participant described the Australian federal agencies responsible for employment and for welfare as ‘tectonic plates colliding or pulling apart’ (4).

Neither is there consensus on what theory or theories drive government systems since any overview of the field of organisation studies would point to a plethora of candidates (see for example the entry for government in *The Oxford handbook of public management*) such as administration science, best practices, bureaucracy, cameralism, democratic administration, efficiency, “hold the mean”, NPM (new public management), public choice, public interest, public trust, scientific management, etc.—with no one theory dominating over time or across multiple geographies and cultures. Most researchers would agree on the following simple premises however: 1) that government is a (perhaps the) key stakeholder in the design of public policy, and 2) that it has a range of tools in its “toolset” to affect the behaviours of those it governs, which include a host of regulatory and economic instruments (of which grants is one such instrument—in simplest terms they are a payment by government to an individual or organisation that requires certain conditions be fulfilled). Perhaps another area of agreement would be that government is directed primarily by standardization in the form of general rules consisting of “laws, programmes, principles, and protocols” (Mulgan, 2009: 24). Along these lines, Mulgan (2009) also uses this quote by Alfred North Whitehead: “civilizations advance by extending the number of operations we can perform without thinking of them” to point out that strategy in government and business are two separate approaches (24-25).

In business, strategic thinking often begins with organizational capabilities and then looks for how they be [sic] used in different ways to create as much value as possible....Public strategy has traditionally begun the other way around, with goals: it then designs organizations and programmes to meet them and treats any additional capacity as a threat to focus. It's often seen as illegitimate for bureaucrats to seek new roles (Mulgan, 2009: 25).

Just as conceptions about government must perforce take into account multiple operating principles (see for example Allison and Zelikow, 1999 whose three distinct frameworks envision government as a rational actor, as a collection of organisations each with their own standard operating procedures, and as a purveyor of “solutions” derived not from rational analysis but as “resultants” from the cauldron of conflict and compromise), so too the literature would lead one to believe must our conceptions about public policy. Government policy has been described as authoritative choice, as hypothesis, and as objectives by Bridgman & Davis (2004), while Dye (1992) describes it more starkly as “whatever government chooses to do or not to do” (2). Again, there are some very limited areas of agreement in the research. The process of creating public policy, usually referred to as the policy cycle, has been described in rather uniform terms: “...albeit variations, the policy cycle usually includes the following stages: agenda setting, problem definition and analysis, policy tools selection, implementation, enforcement and evaluation” (Howlett and Ramesh, 2003, cited in Parag, 2006: 2) unchanged much from a classic interpretation (Harold and Lasswell, 1951, cited in Bridgman and Davis, 2003: 99) as a “sequence of intelligence; recommendation; prescription; invocation; application; appraisal; and termination”. It is a sequence or a set of stages however that does not “embody formal rationality” (Bridgman and Davis, 2003: 101), and there is no agreement over whether policy problems are “sui generis”

or whether there are “patterns that can inform policy practitioners” (Bridgman and Davis, 2003: 102).

Perhaps United States Supreme Court judge, Justice Stephen Breyer, in his book, *Breaking the vicious circle: Toward effective risk regulation* (1993), which described the regulatory process in the United States, may also have left us with a good analogy about the public policy process as well. We need only replace the terms “Congress” and “regulatory agencies” used below with “Australian government” and “Australian government departments and agencies” to let Justice Breyer’s analysis stand-in for the public policy process both here and elsewhere. Using systems theory terminology, Justice Breyer holds that the regulatory process in the United States begins with the public perception of problems at large. The public overestimates certain risks while underestimating others, and they then communicate their fears to Congress that in turn writes regulatory statutes which “appear to give discretion to agencies but actually tie their hands and prevent flexible responses to the public’s perceived ‘problem’” (Gouvin, 1995: 477). These statutes must then be implemented by certain regulatory agencies. However, “different agencies (and even different departments within the same agency) approach similar problems from different directions leading to the formulation of inconsistent policies” (Gouvin, 1995: 478). For example, an agency “guided by the principle that all policy should ‘err on the safe side’ will almost always reach a different conclusion from an agency that scrutinizes the bottom line for demonstrable ‘cost effectiveness’” (Gouvin, 1995: 479). Justice Breyer goes on to suggest that the use of an overarching “super-regulator” might lead to a more rational process by “mak[ing] explicit, and more uniform, controversial assumptions that agencies now, implicitly and often

inconsistently, use in reaching their decisions” (Gouvin, 1995: 484). However, the criticism of that suggestion as presented by Gouvin (1995) would also hold true if such were attempted in the public policy arena. Super-regulators cannot reconcile or “harmonize” different perspectives—the example given is the disparate points of view of an environmentalist and an economist—he or she would simply be reduced to making a choice between their positions, choices which in the aggregate may be consistent but no more rationally derived than the product generated in the public policy crucible (Gouvin, 1995: 484-485).

One can certainly point to many research gaps in public policy field—for example, the role and operation of government analysts has been focused on only in select jurisdictions (Howlett and Wellstead, 2010: 3-4), much work still needs to be done in the areas of policy cohesion, policy dynamics, boundary-spanning policy regimes, regime durability, agency beliefs, and barriers to policy making (Jochim and May, 2010), there has been a lack of systematic research into the role of policy transfer and diffusion (Stone, 1999), there are “multiple, sometimes conflicting conceptions of the public interest” (Perry and Rainey, 1988: 184), and the role of interest groups and public engagement is not yet fully understood. For example, Marsh (1986) holds to the following position:

...arrangements are deliberately designed to limit participation in key decisions on the presumption that the government’s authority will be sufficient to elicit public and interest group compliance. This authority is derived exclusively from the most recent general election (30).

This stance takes us back to some factors affecting public policy evaluation both locally in Tasmania and in Australia as a whole. Evaluation is geared toward the (short) electoral cycle in this country, therefore policy is weighted toward “short-term policy payoffs” according to a Productivity Commission Annual Report (2010):

There are also political economy forces at play. In federations, the costs of collecting data and evaluating policy in a state or territory usually fall only on that jurisdiction. While most of the benefits and the political risks of identifying poorly-performing policies also accrue to that jurisdiction, some of the benefits of learning from policy successes and failures can accrue to every jurisdiction and all Australians (22).

In summary, the problem with analysing tools or instruments of public policy such as grants are at least three-fold: 1) they are not necessarily linked “with any one particular approach to the public and government” (Hood, 2007: 135), 2) their selection by government actors are more in accord with the actors’ “interests or beliefs” rather than as a product of some process of technical choice (Sabatier, 2000, cited in Lascoumes and Le Gales, 2007: 8), and 3) their use reflects elements of decision making, application of power and influence, and social control by government in varying measure (Hood and Margetts, 2007) not yet completely understood.

## **2.4 Systems theory**

Systems theory is utilized in this thesis as a result of the difficulty in orienting the role and function of Government on a theoretical basis in its selection of grants as a public policy tool. Broad enough from a process perspective to trace the workings of the grants system under study, systems theory can also incorporate other organisational or philosophical theories if the data derived from the study should happen to highlight a particular theoretical orientation.

At its heart, systems theory is a philosophical set of beliefs with its origins in Aristotle’s assertion in his work *Metaphysics* that “the whole is greater than the sum of its



parts”. At first blush, this view stands in stark contrast to the more modern philosophical approach of scientific reductionism which holds that a system of interrelated parts can be explained solely through the examination of the parts and the relationships between the parts. Aristotle’s more holistic approach set the stage for the study of emergent (and sometimes unpredictable) behaviour which arise from systems. Systems are naturally found in and are studied by a wide range of modern disciplines such as biology, cybernetics, ecology, economics, management, physics, political science, and psychology. It was thus an interdisciplinary desire to explain systems wherever they are found that drove the evolution of thinking in terms of systems rather than components—a desire which produced from authors in disparate fields such seminal works as Ludwig von Bertalanffy’s *General system theory: Foundations, development, applications* (1968), C. West Churchman’s *The design of inquiring systems: Basic concepts of systems and organization* (1972), Russell Ackoff’s *Redesigning the future: Systems approach to societal problems* (1974), and Peter Senge’s *The Fifth Discipline: The art and practice of the learning organization* (1990) to name just a few that have made cross-contributions to social science research.

At the core of this approach is Bertalanffy’s use of nested hierarchies to bring order to the myriad levels of systems since systems operate in an environment that contain all other systems (like a giant collection of nested Russian dolls), so some ordering principle is needed to separate all the levels of “separate” systems, their parts, and the environment. In the main, this is a subjective choice:

Although concrete systems and their environments are *objective* things, they are also *subjective* insofar as the particular configuration of elements that form both is dictated by the interests of the researcher. Different observers of the same phenomena may conceptualize them into different systems and environments. For example, an architect may consider a house together with its electrical, heating, and water systems as one large system. But a mechanical engineer may consider the heating system as a system and the house as its environment. To a social psychologist a house may be an environment of a family, the system with which he is concerned. To him, the relationship between the heating and electrical systems may be irrelevant, but to the architect, it may be very relevant. The elements that form the environment of a system and the environment itself may be conceptualized as systems *when they become the focus of attention* [my emphasis added]. Every system can be conceptualized as part of another and larger system (Ackoff, 1971: 663).

Although some researchers reject the “rigidity” of terms such as “parts” and “whole” steeped in hierarchical divisions (see for example Walby, 2007), the meta-hierarchical approach of systems theory would not have been unfamiliar to process-based philosophers such as Alfred North Whitehead who used the terminology of processes to “cone up” to higher-level events as described in *Process and Reality* (1929). Neither does this approach stand in opposition to the use of scientific reductionism, rather in some sense they can be seen as complementary approaches. Perhaps the most famous example of this in the literature is the study of ants. The study of an individual ant through a reductionist approach can enlighten us in a number of ways regarding the ant’s constituent parts and its use of them. However, the systems approach is also quite useful when it comes time to explore that ant in context of its place in an anthill, as part of a larger society of its fellows. Then, and only then, does it exhibit behaviours influenced by its role in a much larger system.

In terms of this research, systems theory offers several key advantages as a descriptive tool:

1. It is free from any other overarching organisational or philosophical theories and is inherently descriptive in its nature and purpose.
2. It allows the researcher to have insights into how organizations “have the ability to create their own ecosystems by forming relationships and alliances with other actors that work to help them survive” (Morgan, 2005: 25).
3. It encourages the exploration of “shared interests inside the system” (Morgan, 2005: 32).
4. An offshoot of systems theory, called systems dynamics, posits that basic patterns of structured behaviour, called system archetypes (Senge, 1990; Stacey, 2010), are responsible for a myriad of system problems. System dynamics also offers tools (like causal loop diagramming) that allows the researcher to exhibit these archetypes in an organisational context.
5. Some within the field believe that good system descriptions can “directly shape strategy and policy—helping to guide where the most useful interventions can be made. Alternatively, they may clarify where the most promising experiments and pilots can be set up to test and compare different approaches” (Mulgan, 2009: 91).
6. Although there is no “science of systems-intervention” (Gall, 2011: 165), some scholars believe that in the very act of explicating these archetypes of problematic behaviour, organizations have started a process of intervention which may help them to change unwanted behaviours (see for example Meadows, 1999; Meadows, 2008).

It is hoped that by describing the stakeholders of the Tasmanian public sector grants system in a systems map derived from the principles of systems thinking in general and system dynamics in particular, the dynamic interplay of the stakeholder behaviour will come to the fore and any behaviours which distort systems, such as rule-beating which is “evasive action to get around the intent of a system’s rules” (Meadows, 2008:136), and are indicative of system archetypes, can be more formally analysed.

## 2.5 Complexity theory and complex problems

In general, we can say that the larger the System becomes, the more the parts interact, the more difficult it is to understand environmental constraints, the more obscure becomes the problem of what resources should be made available, and deepest of all, the more difficult become the problem of the legitimate values of the System (Churchman, 1968: 77).

The major problem with traditional organisational theory according to Maron (1999) is that it is “a science of stable systems” (237) but in fact there are actually “relatively few social events [that] are the result of simple one-way causation; rather they result from complex interactions among a number of variables” (41). Such a philosophical stance is becoming more commonplace as there has been a movement across several decades now away from describing organisations as machines and more towards adopting a new metaphor—viewing them instead as “living systems” (Stacey *et al.*, 2000: 133). Even if we do not all agree on the “systems” part of that metaphor, it is becoming “more natural” to speak of their complex behaviour (Nicolis and Prigogine, 1989: 8). In part, this is due to the considerable production of literature loosely gathered under the rubric of “complexity theory”. In brief, complexity theory with its focus on non-linear relationships amongst entities (as opposed to the linear relationships more commonly found in traditional systems theory) suggests that organizations are “‘complex adaptive systems’ that coevolve with the environment through the self-organizing behaviour of agents navigating ‘fitness landscapes’” (Coleman, 1999: 33). If organisations are complex adaptive systems, then by extension “they display the same feature as all other complex adaptive systems—they repeat archetypal patterns as they evolve, but the actualization of those patterns is always different” (Stacey, 1996: 173).

In actual fact, complexity theory “is not a unified body of theory; it is an emerging approach or framework” (Walby, 2007: 456). Derived from multiple disciplines, the debate over its use in the interpretation of organisational and social issues is far from settled. At the heart of the debate are the salient points that complexity theory is not yet “model-centred” and might therefore always be relegated to faddism and metaphor (McKelvey, 1999; Byrne, 2005); also, some hold that view that “social processes are far too complex for complexity theory to deal with, or profoundly elucidate, without the aid of existing social theories” (Stewart, 2001: 353). The researcher acknowledges these concerns and the use of complexity theory herein will be modest and non-mathematical, rather some key ideas from this approach will inform the frameworks established by the current research and will be used in broad strokes in the recommendations on follow-up research efforts.

As Richardson (2005) points out, “complex organisations are open systems” (9). This insight into the relationship between complexity and systems theory guided the researcher’s framework throughout. Two principles derived from this insight were uppermost in the researcher’s awareness: 1) that the interaction of organisational members (and interactions between organisations) help us understand the “behaviour of the system” (Richardson 2005, 8), and 2) the system will “organize itself to be maximally sensitive to events that are critical to the system’s survival” (Richardson, 2015: 10).

Since the researcher is interested in determining whether the “complexity” of the public sector grants system is increasing, it would be prudent to note the other relevant bodies of work that can be brought to bear on that term. First, in organisation theory, complexity according to Anderson (1999) is used as a “structural variable” (216) and is based on the number of “activities or subsystems within the organization” (Daft, 1992, cited in Anderson,

1999: 216) along several dimensions—vertical, horizontal, spatial, and environmental (216). Anderson goes on to explain how social scientists in describing organisations are ultimately forced to simplify complex systems with nonlinear components through modelling into simpler forms by “abstracting out what is unnecessary or minor” (217). The researcher has noted this position, and it (along with Levy’s (2000) reservations on intricate modelling versus the search for “deep structure and patterned behaviour” (83)) has helped steer his investigation to the use of a rather parsimonious systems description of the public sector grants system (see Chapter Three), deferring strategies for more holistic and reductionist joint approaches to future efforts.

Finally, the term complex has a particular meaning in the “wicked problem literature” which is derived from the realms of organisational behaviour and urban planning:

Complex problems are sometimes called ‘wicked’ problems because many of their characteristics are not reducible to their constitutive parts. When solved, the solutions do not function as recipes, which can be applied to other, like problems (Glouberman and Zimmerman, 2002: 7).

According to Briggs (2007), these problems are “highly resistant to resolution” (3), because their social complexity rather than their technical complexity “overwhelms most current problem-solving and project management approaches” (4). Given that these problems are multi-causal with their cause-and-effect relationships only recognizable “in retrospect” (Briggs, 2007: 3), likely to cross the boundaries of multiple organisations, and usually involve changing the behaviours and expectations of multiple stakeholders (Briggs, 2007: 4), it becomes clearer why some problems involving social change seem intractable despite repeated policy action (Briggs, 2007: 5).

There are various schemes to classify problem sets and to identify the wicked problems among them. Horst Rittel, who first used the term “wicked problem,” recognized the benefit of social interactions over linear thinking processes to tackle these types of problems and developed IBIS (Issue-Based Information Systems), which draws out stakeholder perceptions of the problem and “what constitutes an acceptable solution” (Conklin, 2005: 7). Perhaps the most famous of these classification schemes is Cynefin by Snowden and Boone (2007) which encourages business leaders “to shift their decision-making styles to match changing business environments” (7), that is, the contextual level of complexity in their problem solving efforts.

In terms of this research, the author notes two recommendations from the Australian Government’s Public Service Commission 2007 report, *Tackling wicked problems: A public policy perspective*. First, the report calls for the use of “high levels of systems thinking” (33) when tackling wicked problems:

This big picture thinking helps policy makers to make the connections between the multiple causes and interdependencies of wicked problems that are necessary in order to avoid a narrow approach and the artificial taming of wicked problems. Agencies need to look for ways of developing or obtaining this range of skills... (33).

Second, the report suggests incorporating case studies on wicked problems into the Commission’s “programmes that focus on the skills needed to deal with social complexity, in order to achieve high levels of systems thinking and a basic understanding of behavioural change” (37). It should be noted that in this thesis (see section 5.7), the researcher suggests that the public sector grants system (illuminated via systems thinking analysis) with its numerous stakeholders with their various takes on tackling social problems and who are connected via a variety of linkages and interdependencies might provide one such case study.

## 2.6 Literature review methods

In addition to accessing mainstream published documents, the following methods utilized in this literature review included database searching, bibliographical appraisal, and expert consultation in conjunction with an examination of English-language articles, books, theses, and government publications identified through the sources listed below.

For the subject areas of third sector organisations and government grants, the following sources were used:

1. National Library of Australia (Trove): <http://trove.nla.gov.au/>
2. OATD: Open Access Theses and Dissertations (metadata comes from over 800 colleges, universities, and research institutions): <http://oatd.org/>
3. University of Tasmania Library MegaSearch: <http://www.utas.edu.au/library/>
4. WorldCat (which is the world's largest network of library content and services): <http://www.worldcat.org/>

In addition, for theses-only searches, individual country theses repository searches were used:

1. Canada:  
(Theses Canada Portal): <http://www.collectionscanada.gc.ca/thesescanada/>
2. Europe:  
(DART-Europe): <http://www.dart-europe.eu/basic-search.php>
3. Hong Kong:  
(Hong Kong University Theses Online): <http://hub.hku.hk/advanced-search?field1=title&thesis=1>
4. India:  
(Vidyanidhi): <http://www.vidyanidhi.org.in/>
5. Scandinavia:  
(DIVA Portal): <http://www.diva-portal.org/smash/search.jsf>
6. UK:  
(British Library EthOS): <http://ethos.bl.uk/Home.do>
7. UK & Ireland:  
(Copac): <http://copac.ac.uk/>



8. United States:

(OAIster): <http://oaister.worldcat.org>

(ProQuest Dissertations & Theses):

<http://search.proquest.com/pqdt/advanced?accountid=14245>

The overarching full keyword search included the following keywords and Boolean operators: [((Government OR Federal OR State OR Local OR Council) AND Grants)) AND (Public Sector OR Not-for-Profit OR NFPs OR Non-governmental Organisation OR NGO OR Government Peripheral Organisations OR GPO OR Third Sector Organisation OR TSO)] OR [(Compliance OR Burden OR Red Tape)] OR [(System OR Systems Theory OR Feedback OR Complicated OR Complex OR Complexity) OR (Stakeholders OR Push Back OR Unintended Consequences OR Evasive)]. Additional searches were undertaken using a subset of the keywords above plus variations in spelling of keywords such as “organisation” versus “organization”.

For philosophical and organisational theory, the reviewer relied on the following sources in addition to those sources named above to provide a general overview of the theories that could be relevant to the topic at hand:

1. Credo Reference: <http://search.credoreference.com/>
2. Google Scholar: <http://scholar.google.com.au>
3. Stanford Encyclopedia of Philosophy: <http://plato.stanford.edu/>

The results of the literature review were interesting in that only a handful of books, articles, publications, or theses had a direct bearing on the major topic areas of this research. The review most certainly helped to engender the need to select an exploratory research method to probe this fertile, mostly untapped ground. However, a clear limitation of the review is the researcher’s reliance on English-language materials and the reliance on refereed

journals as primary sources. It is clearly possible that a review conducted via multiple languages and with a different sampling frame of journals would have produced other results.

## **2.7 Conclusion**

Despite the challenges posed by the lack of prior research efforts in describing the workings of the public sector grants system, the literature review highlighted the chief theoretical tool, systems theory, that will help frame the dynamic interplay of all the stakeholders involved in the grants system. Once the stakeholders are placed into a systems theory-derived framework and their interactions interpreted via that lens, then the complexity of those interactions can be explored further. As will be discussed later in the thesis (see sections 3.1 and 6.2.2), various other theoretical “lenses” (especially those centred on specific organisational, public administration, and philosophical theories) could also be used eventually to further explain the phenomena encountered. However, material for the literature review was selected in a very straightforward, pragmatic fashion: Third Sector literature (to describe the key stakeholder known as NGOs), systems theory (to build the initial theoretical framework to explicate the interplay between the various stakeholders), and complexity theory (to help in a deeper examination of the conceptual framework). In the opinion of the researcher, this material was necessary (but it cannot be said to be necessarily sufficiently complete) to provide a working foundation so that more formal analysis could commence. The researcher is not suggesting that the stakeholders in any grants system operate in a *tabula rasa* organisational state devoid of any theoretical underpinnings, rather

by way of analogy, as Freud's psychoanalysis was developed due to his explication of the role of the family in the development of an individual's personality, so too the researcher believes that more descriptive theories will be forthcoming once the dynamics of the grants system is better known, a process that will be informed by the perceptions of the stakeholders themselves. In this spirit, the researcher did not include in this review several topics that were investigated in depth (including, but not limited to, dyadic exchanges, leadership and organisational goal setting, and various resource allocation models) but found the acquaintance with such material to be helpful throughout the research endeavour. To summarize, this thesis will operate at the intersection of the literature guided by systems theory.

In Chapter Three, the researcher will outline the research methods used to conduct this instrumental qualitative case study. A description of the theoretical framework will be given. The research design, description of participants, and methods of data collection methods will be presented. Also, the steps taken to ensure ethical treatment of all participants will be covered.

## CHAPTER 3

### Research Design and Methodology

#### 3.0 Introduction

Exploratory research is often used when prior research is scarce and the data is difficult to collect. Exploratory research questions, usually qualitative in nature, are used “when there is little known in a particular research area” (Barker *et al.*, 2002, cited in Elliott and Timulak, 2005: 149). In this case, there are many theoretical gaps in the literature as to the efficiency and effectiveness of public sector grants as an instrument of public policy. Also compounding this problem are three data gathering difficulties: 1) the trouble of gaining survey access to high level executives in organisations like NGOs due to the time pressures of those positions, 2) the bureaucratic nature of governments and their general reluctance (and some might say “inability” of single government agents) to discuss policy instruments like grants in an overall public policy context, and 3) the competitive environment of public sector grants which tends to make all stakeholders suspicious of each other and recalcitrant in sharing their particular troubles for fear of communicating weakness both to competitors and internal agents.

For all these reasons, the formulation of the research questions in this thesis presupposed only the most basic level of conceptual knowledge of the topic and relied on a combination of two major types (definitional and interpretive) of exploratory questions. Research Question One, (*Are there any system archetypes noticeable in the public sector grants system?*), utilized a “definitional” question to ask, “What are the defining features of

this phenomenon?” (Elliott and Timulak, 2005: 149). Research Question Two, (*Is the complexity of the public sector grants system increasing, and if so, why?*), used an “interpretive” question to ask, “What changes led to what other changes?” (Elliott and Timulak, 2005: 149).

This chapter uses six subsections to address issues concerning the research design and methodology. Section 3.1 discusses the theoretical framework. Section 3.2 reviews the research design and development of the research instrument. Section 3.3 relates the procedures used for collecting the research data. Section 3.4 discusses the primary method used for data analysis. Section 3.5 addresses reliability and validity issues relevant to this research effort. Section 3.6 relates how this research was conducted under an ethical framework.

### **3.1 Assumptions and theoretical framework**

As pointed out in the literature review, the literature domains encompassing NGOs and public administration cannot provide a definitive theoretical lens through which the operations of NGOs can be fully understood. However, if the researcher chooses to operate at the intersection of the literature on systems theory, NGOs, and public administration, then that affords the researcher an opportunity to select a theoretical “lens” which not only allows them to describe the general functioning of nonprofit organisations but also allows the researcher to be informed of how the participants themselves view their activities in light of more traditional theories. This is why systems theory, which is neutral in its stance on how the stakeholders it describes operate, was chosen as the lead element in the theoretical lens.

For example, within an overarching systems theory-based descriptive framework, one can easily imagine the interplay of one or more of the numerous public administration theories available to describe the stakeholder known as Government. However, one would not be forced ascribe to them any particular theory. Whether the actor called Government is rational or irrational, a monolith or collection of unequal departments, a budget maximizer or empire builder, interested in outcomes or an uncaring bureaucracy, it, along with all the other stakeholders, simply occupies a placeholder position in such a framework for the purposes of describing the general operations of the system in toto.

The researcher must then be attentive to how each set of stakeholders view their operations and the dynamic forces at work between their organisations and others as more and deeper narratives are brought in from the field. These “lived experiences” of key stakeholders—in this research, CEO and grant level officers of Tasmanian NGOs—will form a deepening pool of potential frames to be assessed for use in both of the theoretical framework, “the theory on which the study is based,” and the emergent conceptual framework, or “the “operationalization of the theory” (*Theoretical framework vs. conceptual framework*, 2011: 1). Therefore, in the spirit of phenomenological inquiry the goal will be to eventually construct a conceptual framework solid enough to describe the detailed interactional dynamics of the stakeholders *as they perceive them* in this and future research efforts and then to tie those perceptions back to more formal theoretical underpinnings.

In order to “map” the interplay of all the forces at work in the public sector grants arena, it was first necessary to make several assumptions. Perhaps the very first and most basic assumption is that a systems theory-based description can adequately display the stakeholders in a recognizable context both to the subjects at hand as well as to future

subjects (and researchers). The second assumption is that this systems description would be robust enough to encompass all NGOs in the state of Tasmania regardless of their Australian Bureau of Statistics (ABS) classification, scale of staff, and scope of operations. The third major assumption of the study is that the term “complexity” can eventually be adequately operationalized in an organisational context and add to the explanatory power of the framework derived herein.

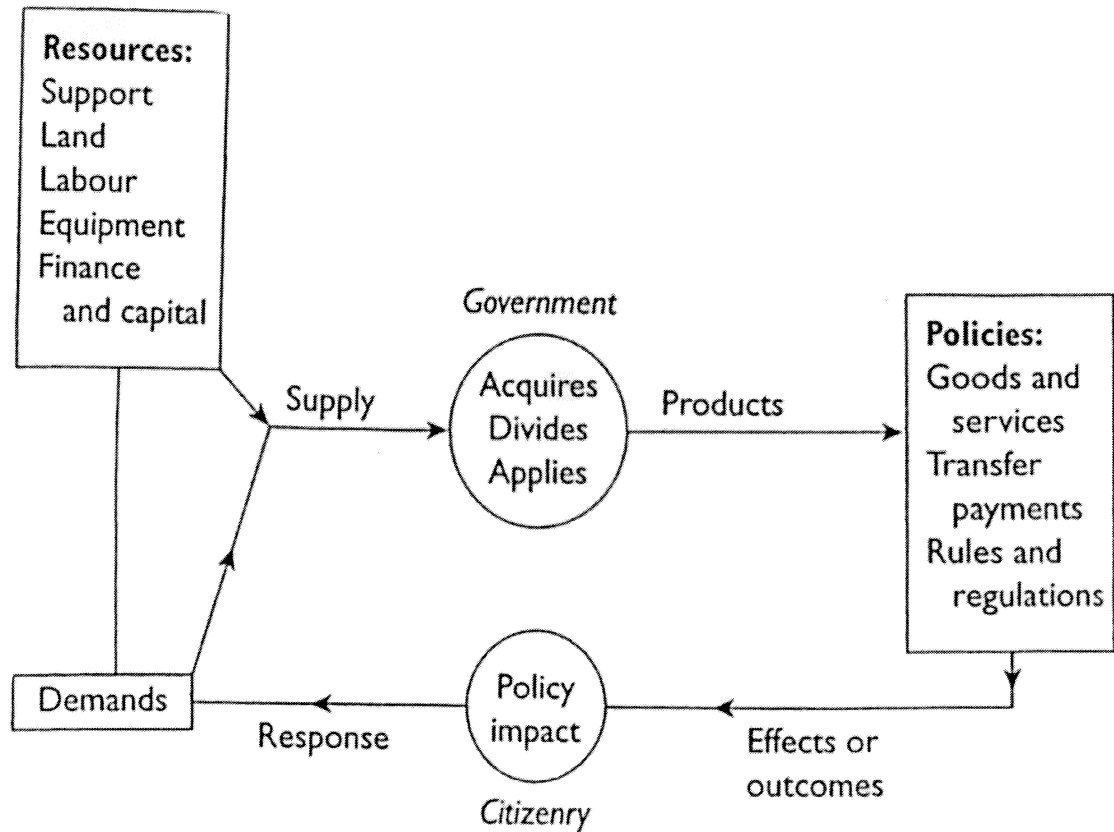
A theoretical framework provides “a general representation of relationships between things in a given phenomenon” (Regoniel, 2010: para. 4). To show all the elements at play in the public sector grants arena, this thesis as previously stated shall rely primarily on the power of the descriptive nature of systems theory and its ability to place stakeholders into a grouping of relationships within an environmental context. A systems-oriented diagram (Burch & Wood, 1989, cited in Bridgman and Davis, 2004: 25) which shows the general public policy process (see Figure 1) was adapted by the author to form a more detailed theoretical framework (see Figure 2) for a closer inspection of the public sector grants elements.

In Figure 1, the actor called Government processes the resource inputs of support, land, labour, etc. generated by another actor called Citizenry into outputs called policies, which in turn impact Citizenry whose demand for services and responses to government policies are fed back again and again through the system as ever-present inputs to Government. This input-process-output-feedback approach is exemplary of the systems theory approach to describing phenomenon at large.

In Figure 2, the actor called Government (aka the Second Sector) has as its central player the Tasmanian State Government (see box labelled with same name) which is

Figure 1\*

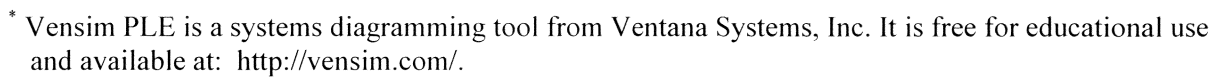
Policy Process Diagram



\*From: Bridgman, P. and Davis, G. eds. 2004. *The Australian policy handbook*. 3rd ed. Sydney: Allen & Unwin. Reprinted with the permission of Allen & Unwin.



### Theoretical Framework/Systems Diagram using Vensim \*



connected to other government actors—Local Government (or Councils), the Governments of all the other Australian States, and the Federal Government of Australia. As in Figure 1, the State Government uses resources (such as tax revenue, non-tax revenue, capital receipts, etc.) as inputs and produces Policies in order to address issues in the Environment, the physical and social context in which the public grants system is situated, which are causing stakeholders to place Demands upon the Government.

Policies are translated into more detailed government public policy instruments (such as grants, contracts, direct aid, budgets, etc.) which are simply operationalized policies. The Policy Implementation actor (drawn as a box overlapping another box) represents those people and agencies in the Tasmanian State Government responsible for overseeing the policy instruments that have been created (e.g., negotiating contracts, monitoring performance of those contracts, and handing disputes)—although it has been argued, most notably in Majone and Wildavsky (1979), that implementation and policy are intertwined and are not separate process stages or functions. These policy instruments become part of the Environment, and the responses of the actors or stakeholders in the Environment to these instruments are fed back to the Government in many ways. In other words, actors in the Environment are affected by these Policies but can also affect policy-making through their feedback (see Glossary of Terms). This feedback could come in the form of lobbying, media articles, polling of public opinion, etc. Other major organisational actors in the Environment include private sector businesses (First Sector), NGOs (Third Sector), For-Benefit Corporations (Fourth Sector) as well as Quasi-private (or Quasi-public) Sector organisations. Other categories representing large groups of actors in the Environment included in Figure 2 are Special Interest Groups, Lobbyists, Media, and the General Public. This is by no means a

comprehensive listing however. Numerous actors exist in the social environment, and some defy aggregation into larger, general categories. In this case, other actors who could have a significant feedback effect relating to public sector grants might include such stakeholders as think tanks, policy research institutes, academics, individual advocates, etc.

As for NGOs, public policy in the form of public sector grants has significant impact on their operations because it affects their core constituency—the clients for whom they provide services. It is important to make taxonomic distinctions regarding the clients of NGOs. First and most broadly speaking, there are Citizens in Need—this group contains all people within the State Government’s sphere of influence that could benefit from Government aid in some measure at a particular point in time. Then there is the Client Base of Apppliers for Grants—which is a subset of the group Citizens in Need (hence a box overlapping a box), or those people who are in need but who also fit into some NGO’s definition of an appropriate Client Base that can be serviced by one or more of their programs (programs that are generally funded through awarded public sector grants). The latter is not to be confused with the Client Base of Non-Apppliers for Grants—which is also a subset of the group Citizens in Need, but in this case are those people who are in need but are being serviced by NGO programs not funded through public sector grants. An alternate way of thinking about these categories is to ask the following questions regarding the total amount of people in need in Tasmania at any given time:

- How many are being helped by NGO programs funded by grants?
- How many are being helped by NGO programs not funded by grants?
- How many are being helped by other government policy instruments?

- How many are being helped by other means (e.g., aid from other individuals or from other Sectors)?
- How many are not being helped at all?

In Figure 2, there is a dotted line relationship between Third Sector organisations and a box called Pool of Potential Applicants. Here, the Pool of Potential Applicants is a placeholder representing the theoretical possibility that every NGO could apply for every possible public sector grant for which they meet the application criteria. Which leads us naturally to the question: Why don't all NGOs apply for every grant they are eligible for? Professor David Adams (2010, pers. comm., 29 September) proposes the following reasons:

- They were unaware of a grant opportunity.
- They were intimidated by the application process and decided not to apply.
- They began the application process but abandoned it.
- They were advised not to apply for this particular grant.
- They felt that using resources to make the application would detract from the time spent with clients or in day-to-day operations.
- They felt that they did not have the time or the resources to make the application—e.g., smaller NGOs typically do not have professional grant writers on staff. [Note: This in part would correspond to study results from McGregor-Lowndes and Ryan (2009) which found that grant paperwork compliance costs “are clearly regressive with small nonprofits bearing a significantly higher burden” (21).]
- They felt that they had insufficient help from external resources (including Government) to make the application.
- They felt that the grant was too small (or too large)—e.g., Do small NGOs feel intimidated by larger awards which they may believe are reserved for larger organisations? Do large NGOs use valuable resources to apply for small awards?

- They did not need the grant at that time (e.g., they might not have a fundable program in place yet).
- They missed the application deadline.
- Prior rejection(s) affected their decision whether to apply.
- Their perception was that “the fix was in” and that certain grants always go to certain NGOs.

For every grant therefore, we have a bifurcation of Third Sector organisations into those NGOs who apply for it, or the Pool of Applicants, and those NGOs who choose not to apply, or the Pool of Non-Applicants. Each of these sub-pools is again bifurcated in the natural order of the process. Those who apply either become recipients of the grant (Awarded Grants box) or are not so favored (Not Awarded box). Those who do not apply can be divided into groups who simply do not need the grant money at that time (Pool of Non-Needy Non-Applicants) and those who do (Pool of Needy Non-Applicants) but still fail to apply possibly due to one or more of the reasons postulated above.

### **3.2 Research design and interview instrument development**

Over the course of several years, this study evolved from an initial starting point of a much more limited narrative analysis of a specific Tasmanian public sector grant (the Community Grants Program) into an exploratory qualitative instrumental case study intended to provide an examination of the Tasmanian public sector grants system as a whole:

1) “exploratory” both in terms of the dearth of prior research into the topic and in the hope that it will eventually turn into a “theory seeking” endeavour (Bassey, 1999), 2) “qualitative”

because it follows a constructivist paradigm under which reality as Mertens (2005: 231) explains “is not absolute, but is defined through community consensus” as well as the study participants presenting in a phenomenological flavour their perceptions of this reality,

3) “instrumental” in the sense that the “instance” of public sector grants allocations can be utilized to address the wider issue of “well-being” from a multidisciplinary perspective, and

4) “case study” because the exploration was bounded by activity, time, and participant access (Creswell, 2007; Mertens, 2005). In this thesis the cases are not an end unto themselves however. An overarching interest in the wider topic of well-being is the “external interest” here that is the final focus of the researcher:

The case is of secondary interest, it plays a supportive role, and it facilitates our understanding of something else. The case still is looked at in depth, its contexts scrutinized, its ordinary activities detailed, but all because this helps the researcher pursue the external interest. The case may be seen as typical of other cases or not....Here the choice of case is made to advance understanding of that other interest (Stake, 2003: 137).

Convenience sampling (the sampling method employed herein) is a method in which the participants are readily available at the time of data collection. Although this method runs the risk of being biased (from over selection, under selection, overlooked potential participants, etc.), it is often used in social research as a good way to get an initial first impression of the actors in the phenomenon to be studied, especially when exploring a “new setting” (Schutt, 2009: 170). Ideally, a random sampling of all stakeholders in Figure 2 would be utilized and the multiple perceptions of the grants system thus generated would inform the overall framework. However, such sampling was not feasible given the time and resource restrictions. Rather, in discussions with Professor Adams, the following question was raised again and again: “Which stakeholder perceptions held out the possibility for being

the richest contextually?” Interviewing single Government bureaucrats who possibly had a narrow “silo” focus on their own limited responsibilities in the grants process (e.g., application, awards, reporting, acquittal, etc.) would probably not be a rich enough data vein to start with. This issue would also arise for other stakeholders such as Clients or Citizens in Need who might be able to elucidate their own circumstances quite well but lack experiential knowledge of the other players and how they interact. The key actors who could immediately account for major transaction costs in the system would therefore be the NGOs. In these organisations, however, only a select few members have a “forest for the trees” perspective on the entire grants process. It was determined that the CEO and grants officer would have the best ability to articulate this systemic vision of their interactions with Government. Furthermore, it was determined that these officers should have considerable experience with the grants process. Since the typical situation in practice is likely to find only larger NGOs having the resources to dedicate professional staff to grant activities, it was determined early on that the sampling focus should be on higher level officers in larger, established NGOs. A structured interview instrument (pilot questionnaire—see Appendix 2) was established to gather data around the following major issues:

- Job position of respondent.
- Number of grants applied for/awarded in the past year.
- Whether there was a gap in the grants awarded and the money needed to fulfil the organisation’s stated outcomes in its applications.
- Transaction costs of grant applications (time needed for each application section, time spent coordinating with government personnel on grant related matters, reporting systems, compliance regimes, etc.).

- Reasons for application successes or rejections.

These major topic areas were developed inductively from a detailed review of the Productivity Commission's "Contribution of the Not for Profit Sector" study (2010) in which NGOs were allowed to comment on deficiencies in the current system. Since customer satisfaction measures have been studied in the private and nonprofit sectors as "leading indicators" of systemic problem areas (Anderson and Fornell, 1999; Niven, 2008), these were used to tailor the pilot as well as future survey configurations. The individual questions were mostly derived from prior questions in that study along with modified questions from the Australian Council of Social Service's "Community Sector Survey" (2010) and the Productivity Commission's "Charitable Organisations in Australia" inquiry report (1995). The pilot also drew heavily from the terminology, definitions, categories, and format of those studies. Additional questions were added that focused on the transaction costs of finding grants, preparing applications, reporting to government acquittal systems, and perceived reasons for grant rejections if any. Some open-ended questions on key concerns in the grants process were also included.

In June 2011, the questionnaire was submitted to the nine TasCOSS Board members (high level members of their respective organisations) at one of the organisation's workshops. Two questionnaires were eventually returned to the researcher and the general feedback from that workshop was two-fold: 1) the fifteen question survey was too long and too data intensive, and 2) the survey did not "capture" the inherent difficulties their organisations had in dealing with the grants system. Based on this feedback, it was decided that the research instrument should be modified and action taken to broaden the participant pool to also include grants officers as well as CEOs. After the written instrument had been revised (and a



follow-up oral interview added), those TasCOSS NGO chief executives who had shown interest in the study (five in total) would receive an introductory email (see Appendix 3) which, if responded to favourably, would ask for the nomination of a grants officer in their organisation to be surveyed as well. This email would then be followed up by a written survey (see Appendices 4 & 6), with each survey tailored to either the chief executive or grants officer. Once the written surveys from each participant in an NGO were returned, then a semi-standardized open-ended interview would be administered to each participant (see Appendices 5 & 7). The introductory emails were sent out in November 2012 with survey responses received from December 2012 through March 2013. During this period, one NGO (CEO & grants officer) dropped out of the study with the CEO never returning the survey and the grants officer stating in an email message: “I commenced your survey but quite frankly found it too labour intensive and did not have the time to complete it.” This left eight participants (4 CEOs and 4 grant officers from 4 different NGOs) remaining in the study. This number of participants falls within Riley’s (1996, cited in Evans, 2013: 41) suggested goal of between eight and twenty-four interviews to achieve a theoretical saturation point. In-person interviews were conducted from May to June 2013. Table 1 below shows an overview of the participants.

In this study, both the written and oral research instruments favour the standardized approach because the “questions are written in advance exactly the way they are to be asked during the interview” (Patton, 1987: 113). This allows the researcher to capitalize on the inherent advantages of this approach:

**Table 1**  
**NGO Data Collection Summary**

	NGO (by ABS Classification)	NGO Size (by Category)	NGO (by Annual Income)	CEO Gender	Grants Officer Gender
NGO “A”	Social Services	Large	Over \$10,000,000	Male	Male
NGO “B”	Social Services	Medium	Between \$1,000,000 and \$10,000,000	Female	Female
NGO “C”	Law, Advocacy and Politics	Small	Between \$100,000 and \$1,000,000	Female	Female
NGO “D”	Social Services	Medium	Between \$1,000,000 and \$10,000,000	Male	Male

Because the interview is systematic, interviewer judgment during the interview is reduced. The standardized open-ended interview also makes data analysis easier because it is possible to locate each respondent's answer to the same question rather quickly, and to organize questions and answers that are similar. In addition, by generating a standardized form, other evaluators can more easily replicate a study in new programs, using the same interview instrument with different subjects (Patton, 1987: 113).

### **3.3 Procedures for data collection**

The sources of data in this thesis include written surveys (ongoing from November 2012 to March 2013) and oral interviews (ongoing from May 2013 to June 2013) with 4 CEOs and 4 grant officers from 4 different Tasmanian NGOs, field notes from the oral interviews, organisational documents such as annual reports, and analyses of documents derived from the literature review. These “intensive interviews with a few individuals” are a traditional way to approach such an exploratory topic (Smith *et al.*, 1997, cited in Yardley, 2000: 217). In addition, a reflexive journal or diary (Lincoln and Guba, 1985) was kept detailing the emergent design of the research instruments and other methodological decisions in order to provide a type of “audit trail” (Koch and Harrington, 1998: 887; Shenton, 2004: 72), although the researcher makes note of the debate within the qualitative research field as to the utility of audit trails (Cutcliffe and McKenna, 2004). Although the researcher was an external, *etic*, non-participating observer (Turnock and Gibson, 2001) throughout the study, the researcher (being the primary instrument of data production and analysis) must also point out that his prior assumptions and experiences cannot be divorced from the research proceedings in this study (Merriam, 1990; Creswell, 2007). Yardley (2000) points to many

different qualitative research traditions and goes on to suggest that those approaches which draw from the well dug by phenomenological philosophers such as Heidegger, Merleau-Ponty and Ricoeur do not require us to abandon our “ingrained assumptions and categories,” and she highlights those researchers such as Kvale (1983) and Ray (1994) who hold the position that “the meaning of all phenomena is created through interpretation and discussion, action and interaction” (217).

The study participants were told the researcher’s interest in the topic was in the context of conducting of a Ph.D. level research effort at the University of Tasmania, and they were not informed of the researcher’s prior research experiences with NGOs (which was none) or government agencies (also none), other prior research, or work experience. The participants only became aware of the researcher’s demographic attributes during the in-person interviews.

The written questionnaires were used to generate some background data on how extensive a particular NGO’s interactions with the public sector grants system was and to assess the subject’s perceptions about some of the transaction costs inherent in the system (e.g., time necessary to prepare a grant application or time spent in consultation with public sector grants representatives). The oral questionnaire was to some extent an emergent instrument as patterns started to suggest themselves through the written questionnaire responses. Here, the researcher took the opportunity to drill down deeper into transactional difficulties that were highlighted in those written responses and in the literature reviewed. The oral surveys (which all took place at the participant’s workplace and were all conducted in English—the native language of all participants) due to their semi-structured nature were less formal. Although each participant was asked the same questions in the same order, they

had ample opportunity to expand their answers into other territory. Also, each participant was given a chance at the end of the interview to talk about any general or specific concern they had with the public sector grants system. Written field notes were taken during the oral interviews in order to capture broader impressions of the subject's reaction to each question.

Various documents were requested after the oral interviews. The CEOs were asked to provide mission and client statements since inception of their organisation. Three CEOs offered their most recent annual reports, however none provided either mission or client statements. Some stated reasons were that they were not generated in the past as well as they were too difficult to retrieve. The grants officers were requested to provide some representative grant applications from the organisation's inception. No grant applications were provided to the researcher (although some were described in detail during the interviews) for one or more of the following stated reasons: 1) past applications were not kept indefinitely and were therefore discarded, 2) past applications were not available in digital formats and were therefore not easily retrievable, 3) none were available in redacted form (proprietary data removed) and the effort to do so was considered too time consuming, 4) the subject was not comfortable providing that data, and 5) some were promised for future review but were never forthcoming. Document analysis also included the technical literature and background material on NGOs and government operations found during and subsequent to the initial literature review, and these materials, specifically literature concerning operational concerns of public sector grants, were used to supplement the primary survey data (Bogdan and Biklen, 1982; Corbin and Strauss, 2007).

The written survey results were transferred into a Microsoft Excel worksheet. The oral interviews were recorded by the researcher using an Olympus DS-7000 digital recorder

(no objections were raised to these recordings); the interviews were transcribed verbatim using an Olympus AS-7000 transcription kit and entered into Microsoft Word document format. The rest of the material was transcribed or transferred into PDF documents.

### **3.4 Method for data analysis**

The plan for data analysis consisted of transcribing all written interviews, oral interviews, field notes, and document analyses into a format amendable for use in the qualitative analysis software, NVivo version 10. NVivo with its powerful tools for searching, querying and visualization was selected for its ability to discover connections within the data and also because of its widespread use amongst students and faculty in the Tasmanian School of Business and Economics (TSBE) at the University of Tasmania. The researcher attended an NVivo training session on 11 May 2012 conducted by Dr. Megan Woods (a faculty member of the TSBE) and was impressed by the software's numerous visual display features. The researcher then relied primarily on the books by Bazeley (2007) and Gibbs (2002) for further guidance as well as online training videos provided by the developers of NVivo, QSR International, available at this web address: [http://www.qsrinternational.com/support\\_tutorials.aspx](http://www.qsrinternational.com/support_tutorials.aspx). The researcher would like to point out that he is still a relative novice in the use of such software. Other researchers with more advanced training might have been able to derive different or more detailed data representations.

The responses from both the high level and grant level officer written questionnaires were imported from their Microsoft Excel worksheet into NVivo. From there, holding places were constructed for each written question (i.e., by codeable column so all answers for each question were in one place) and for each respondent (i.e., by codeable row so all answers from each person were in one place). Each respondent was assigned the following classification fields: Response No., Name, Gender, Level (CEO or Grant), NGO name, NGO ABS category, Total # of Staff, Total Annual Income, Date Incorporated. From there, the data could be filtered (e.g., by NGO classification) and word frequency queries used—displayed as Tag Clouds and Tree Maps—to highlight which words were most frequently used in response to a particular question. Matrix coding queries (to see intersections in themes—i.e., content coded at X and Y) were then utilized.

In regard to the oral interviews, the responses from both the high level and grant officers were taken from their transcription format (Microsoft Word) and imported into NVivo. The interview questions were formatted under Heading Style 1, and the interviewer comments were formatted under Text Style Quote so as to clearly separate the dialogue of interviewer and interviewee. Holding spaces for each question number and for each participant were set aside, and word frequencies for each response were generated. The oral interview field notes, researcher journal, and document analyses (having all been reformatted into PDF documents) were also transferred into NVivo.

Data analysis continued by parsing the data via three coding passes (see section 4.3 and Appendices 8-12). The first pass, referred to as descriptive coding, produced initial concepts from the data. Here, words and phrases that represented ideas in light of the study's theoretical framework were gathered into 121 distinct entities, or “nodes”. In the

second coding pass, an interpretive pass, these nodes were reordered or clustered into 12 categories, each of which formed a connection or link between multiple nodes from the first pass. In the last pass, referred to as abstract coding, the categories were grouped under 4 different themes. These themes, enhanced by the subjects' narratives, helped formulate the conceptual framework of the public sector grants system (as it reacts to a funding shortfall), and it is then used to address the research questions (see section 5.1 and section 5.2).

### **3.5 Reliability and validity issues**

The literature of qualitative research is replete with arguments for and against the use of various criteria for determining reliability and validity of a study. Indeed, the very terms reliability and validity are often rejected under the constructivist paradigm of qualitative research which instead often favours “trustworthiness” criteria along the lines of Lincoln & Guba's (1985) credibility, transferability, dependability, and confirmability. Trustworthiness usually becomes operationalized by the qualitative researcher in their use of several popular methods such as “audit trails, member checks, memos, and so forth” (Morse *et al.*, 2002: 6).

However, as Morse *et al.* (2002: 6) point out “rigor does not rely on special procedures external to the research process itself”. Morse *et al.* (2002: 7) go on to state that while audit trails record a researcher's decisions, they “do little to identify the quality of those decisions,” a view echoed by Cutcliffe and McKenna (2004). Member checks as a verification strategy is also problematic since disguised “decontextualized” results would naturally confuse individual participants looking for their own story (Koch and Harrington,



1998: 885) and may “actually invalidate the work of the researcher and keep the level of analysis inappropriately close to the data” (Morse *et al.*, 2002: 8). Furthermore, Morse *et al.* (2002: 4) decry the fact that there has been a shift from understanding the researcher’s use of methods *in the course of inquiry* [my emphasis] to external evaluators simply using a checklist of evaluative methods to pass judgment on a study’s rigour in a post-hoc fashion. Emden and Sandelowski (1999) posit that this uneasiness “with the ‘criteria’ approach to determining goodness in qualitative research” (4) is in part due to a shift in postmodernist thinking about complexity.

In this study, the researcher was guided by the use of the following verification strategies (paraphrased below from Morse *et al.* (2002)) during the process of research to help ensure both reliability and validity of the data and ultimately ensure a rigorous inquiry:

- Methodological coherence. Continually asking whether the research question “matches the method, which matches the data and the analytic procedures” (12).
- Using an appropriate sample. Asking whether the sample is made up of the participants “who best represent or have knowledge of the research topic” (12).
- Collecting and analyzing data concurrently. Approaching the research in an iterative fashion to maintain congruence “among question formulation, literature, recruitment, data collection strategies, and analysis” (10, 12).
- Thinking theoretically. Using macro-micro perspectives to constantly perform “checking and rechecking” as new data gives rise to new ideas (13).
- Theory development. Moving “...with deliberation between a micro perspective of the data and a macro/theoretical understanding” (13).

As to the overall quality of the research, the researcher has been guided by Yardley’s (2000: 219) outline of the characteristics of good qualitative research—sensitivity to context,

commitment and rigour, coherence and transparency, and impact and importance. These principles are not a checklist of rigid prescriptions, and they can be used “irrespective of the particular theoretical orientation of the qualitative study” (Smith, 2003, cited in van Rooyen *et al.*, 2008: 21). Here, the researcher has tried to remain sensitive to context through his commitment to grounding participant’s interpretations in the data-rich verbatim transcripts and by placing the findings of the study wherever possible within the context of the limited literature available (van Rooyen *et al.*, 2008: 21). The researcher has tried to demonstrate commitment through his prolonged engagement with the topic (6 years) and by his development of the skills in the research method (van Rooyen *et al.*, 2008: 21). The researcher pursued rigour by seeking “theoretically sufficient” data in this difficult to survey population. This sufficiency refers to “a point at which the researcher has developed categories suggested by the data with adequate explanatory power” (Dey, 1999, cited in Quayle *et al.*, 2012: 18). The researcher tried to foster coherence by justifying why qualitative research under a constructivist paradigm was chosen to fit the research goal of this study. Transparency is exhibited by disclosing “all relevant aspects of the research process” (van Rooyen *et al.*, 2008: 22) and by keeping an audit trail of “coded transcripts, reflective notes about interviews and the analysis process, memos detailing the development of categories and their properties and dimensions, and diagrams of relationships between categories” (Quayle *et al.*, 2012: 20). Impact and importance is demonstrated by providing new insights into: 1) how the larger issue of complexity in its relation to resource allocation under scarcity could be approached using such micro-cases as the public sector grants system examined herein (see section 5.6), and 2) how the concept of “well-being” could be re-examined (see section 5.3) in light of the research herein.

There are some final quality issues that the researcher would like to make plain. An attempt was made to limit biased data reporting through a guarantee of anonymity and confidentiality made prior to the launch of each interview instrument (see Appendix 3). All cases are included in this thesis (and the exact number of cases was provided) to counter “the criticism that qualitative research relies only on cases that support conclusions” (Silverman, 1993, cited in Meyrick, 2006: 805). Deviant case analysis was undertaken (see section 4.4) and an explanation of why some cases contradicted some emergent patterns was given (Meyrick, 2006: 805). Limitations on the scope of the research effort however precluded the use of multiple and independent coders, triangulation of “methods, samples, theoretical approaches, sources” (Denzin, 1978, cited in Meyrick, 2006: 806), or triangulation’s presumptive successor technique of “crystallization” (Tobin and Begley, 2004). In their stead, the researcher provided his advisors on an ongoing, regular basis copies of all data (including full transcripts), coding efforts, and data interpretations. Numerous discussions with advisors regarding theoretical frameworks, findings, and generalizability issues were undertaken. A summary report of general findings was provided to all participants (see Appendix 13) in the attempt to provide a respondent validation instrument [Note: Only one participant (CEO level) responded with the short comment “Thanks for the summary report. It reflects my experiences”. A second participant (Grants Officer level) who attended the same conference as the researcher approximately one year after the summary report was sent informed the researcher that they did not reply to the summary report because of a job transition within their organization and that the study findings “made sense”.] Finally, all survey instruments and coding categories have been provided in appendices to this thesis to help address replication concerns.

### **3.6 Ethical considerations**

Every attempt was made to minimize risks to all of the participants involved in this study. A Social Science Minimal Risk Application was filed with the Human Research Ethics Committee (Tasmania) Network (HREC) and approved on 13 June 2010. After all interviews took place, a final ethics report was approved by the Tasmania Social Sciences Human Research Ethics Committee on 15 July 2013.

The voluntary nature of the subject participation in all parts of the written and oral instruments was stressed both in writing and by the researcher in person in the case of the oral interviews. Data safety and response confidentiality was also emphasized. Coding was specific to each subject and each person will be identified either as the CEO or Grants Officer, with each organisation being identified only as NGO “A”, NGO “B”, NGO “C”, or NGO “D”. In the discussion of findings, every effort is made to obscure individual and organisational identities. In the summary report (requested by every participant), only an outline of findings and themes is utilized in addition to providing general discussion points.

### **3.7 Conclusion**

This chapter has explained why a qualitative approach was employed in the research. The research method chosen (written questionnaire, oral interview, document analysis) helped provide the empirical evidence for achieving the study’s primary objectives: modelling of public sector grants system in Tasmania and providing descriptions of unintended consequences in that system. To that end, the theoretical framework chosen for

describing this complex system was a parsimonious extension of an existing systems-oriented public policy framework. Data gathering and data analysis procedures were described under an ethically sound human subject protection-oriented research process. The study results will be presented in the next chapter.

## **CHAPTER 4**

### **Results**

#### **4.0 Introduction**

This chapter will present the major results of the analysis of all material making up this research project. This analysis consists of two sections. In the first section (see section 4.1), the researcher concentrated on the written and oral surveys of the respondents to highlight key issues in the public sector grants system in which the respondents participate. Four major categories of issues were derived from the surveys relating both to stakeholders such as Government and NGOs, and to concepts such as Competing and Complexity. In the second section (see section 4.3), the coding process which generated thematic responses to the respondent organisations' reactions to funding shortfalls (an overarching theme) is detailed.

This chapter utilizes three major subsections to present the research findings. Section 4.1 relates the four general topics of interest which arose from the initial review of the research data. These topics of interest centred on two particular stakeholders of the grants system—Government (see section 4.1.1) and NGOs (see section 4.1.2) and on two specific concepts—competition between the grants system actors (see section 4.1.3) and complexity in the grants system (see section 4.1.4). Section 4.2 discusses how these issues helped form the conceptual framework, while Section 4.3 discusses how the three coding passes of the data illuminated four major themes of grants system behaviour—additional funding, adjusting programs and client base, adjusting organisational focus, and cost cutting (each of which is explored in its own subsection). An additional subsection, Section 4.4, looks at outliers and discusses why some data contradicted some emergent thematic patterns.

## 4.1 Data analysis/Part 1/Issues

Case-based issues have been collected under numbered general points of interest and key excerpts from the surveys are used to illustrate these issues. The transcript data is not provided as “proof” of credibility (Glaser, 1978), rather it is to provide a theoretical chain of evidence for future researchers. Furthermore, following Whitehead’s (2004) example—“as many quotations as possible were included, and these...[are]...of sufficient length to maintain the context of the information presented” (516).

These issues were collected under the auspices of this study’s pre-existing research questions and prior research into the various topics at hand. As such, this and the subsequent analysis in section 4.3 does not follow a traditional “grounded theory” approach of suspending one’s knowledge of the problem at hand (Glaser, 1998) to allow the problem to “emerge” (Glaser, 1992). Indeed, many qualitative research methods use different analytical approaches.

Descriptive–interpretive qualitative research methods go by many ‘brand names’ in which various common elements are mixed and matched according to particular researchers’ predilections; currently popular variations include grounded theory (Henwood and Pigeon, 1992; Strauss and Corbin, 1998), empirical phenomenology (Giorgi, 1975; Wertz, 1983), hermeneutic-interpretive research (Packer and Addison, 1989), interpretative phenomenological analysis (Smith, Jarman, Osborn, 1999), and Consensual Qualitative Research (Hill, Thompson, Williams, 1997). Following Barker, Pistrang and Elliott (2002), we find the emphasis on brand names to be confusing and somewhat proprietary. Thus, in our treatment here, we take a generic approach that emphasises common methodological practices rather than relatively minor differences (Elliot & Timulak, 2005: 147-148).

Johnson *et al.* (2001) go so far as to suggest that it would be difficult to label any qualitative method as “pure”. In this vein, the researcher in the second part of the data analysis (see section 4.3) takes one such common research method element, a coding process conducted in

discrete stages, and uses it to develop higher level constructs. To that end, this study does have a similar goal to grounded theory's ultimate aim—to generate a theory or framework applicable to organisations beyond those in the sample (Glaser, 1978).

#### **4.1.1 Government**

Eight major issues arose in the course of the initial review of the research data concerning the stakeholder known as Government. These issues are in highlighted text throughout this subsection with each issue discussed in turn. The categories of issues relating to Government were as follows:

- 1. Government (local, state, & federal) was the primary source of funding for all of the NGOs in the sample.*
- 2. Governments can direct grant awards on the basis of “hot topic” social issues.*
- 3. There might be an inverse relationship between government funding and general economic climate.*
- 4. Government typically funds NGO “programs” or “projects”—not staff development or recurring costs—and funding is usually tied into the political cycle (e.g., grants of a duration of three years or less in Tasmania).*
- 5. Government interest in a service client base and the programs to serve it changes frequently over time and not in time horizons best suited to NGO programs.*
- 6. Government can change the grant requirements midstream; NGOs have trouble adapting requirements to changing conditions in the field.*
- 7. Government is not a monolith at any level; in each level, there are issues in dealing with separate government functions.*
- 8. Government is still perceived to be managing risk rather than assessing outcomes.*



1. *Government (local, state, & federal) was the primary source of funding for all of the NGOs in the sample.*

For each NGO, estimates were provided of government funding as a percentage of their total funding. These were 99% for NGO A, 90% for NGO B, 70% for NGO C, and 85% for NGO D. These figures are in line with a recent not for profit survey in Australia and New Zealand which holds that public sector grants and contracts were “the most significant funding source” for both New Zealand (69%) and Australia (79%) organisations surveyed (Grant Thornton, 2013: 30). However, it should be explicitly noted that with the exception of NGO C, this study’s sample of NGOs were derived from the social services subgroup—a subgroup that gets “their primary funds through petitioning the government”—and this is the “comparatively impoverished part of the nonprofit sector” (O’Donnell, n.d.: para. 7). Despite some talk by the survey participants about some general efforts to diversify their funding sources, the researcher was left with the overall impression that the NGOs in this sample were firmly fixated on government as their primary funding provider well into the future. This attitude by these nonprofits is reflected in a U.S. study’s results by Vance (2010) which holds that “revenue predictability, and risk avoidance, is a goal for many nonprofit managers” (14). Interestingly enough, Vance’s (2010) study demonstrates that “lower percentages of government funding are correlated with increased survival when compared to high levels of government funding” (115). Also of note, in a literature review by Brooks (2000) assessing the hypotheses that public spending displaces or “crowds out” private giving, that public spending leverages or “crowds in” private giving, or the independence of the two sources of funds, the following result was reported:

Specifically, a fairly convincing picture emerges that crowding-in arguments have no strong empirical basis: the claim that government funding stimulates giving is generally devoid of both statistical and policy significance (211).

Fundraising from other sources, while considered important by almost all participants, was considered as an activity requiring specific skills sets for each source, and as such, was something of a distraction from their primary funding source. One of the grants officers offered the following about attracting public sector grants;

NGO C: ...it is certainly in some ways easier because it's a process that we know better, trying to obtain corporation sponsorship is a little bit more complex. The other side of things is, you know, that with the new ACNC [Note: The regulatory body, Australian Charities and Not for Profit Commission.] there's a limit to the sort of commercial activity that you can be involved in and still retain your charitable status....So we get the most of our money from government and we certainly feel the pressure to diversify because all, all the pools are shrinking, not just private sector pools. So, but it's a little bit different for us, perhaps, because we are not largely privately funded. But, when you are, your funding means that your staff come and go very directly, there is pressure to be constantly on the front foot and making sure that we have money flowing in, and that's a, you know, priority.

while one of the CEOs interviewed sums up their resignation on this point with the following comment:

NGO D: ...because the fundraising dollar is getting harder and harder to attract. We would love to get away from government funding but we, [pause], it will never occur.

## *2. Governments can direct grant awards on the basis of “hot topic” social issues.*

This CEO points out that whatever issue might be foremost in the national government's agenda, the same issue might not have any relevance at a particular state or local level.

NGO B's CEO: You know, need is, is large and governments target and, you know, some of the targeting, I would have to say is based on some research or ability to, you know, meet a need in a community. Some of it's based on, you know, there's a national push on for a certain sort of demographic to be given services, and Tasmania can be caught up in that even though it may not particularly be an issue here that it is in other states.

3. *There might be an inverse relationship between government funding and general economic climate.*

This relationship was first explicitly addressed in the following statement:

NGO A's CEO: There's a sort of inverse relationship between the health of the Tasmanian community and economy and funding for organisations like [Note: NGO name removed.] in the wrong way, if you know, you know, so as the economy and social conditions can actually tighten and worsen for people, then government support we would hope would rise.

4. *Government typically funds NGO "programs" or "projects"—not staff development or recurring costs—and funding is usually tied into the political cycle (e.g., grants of a duration of three years or less in Tasmania).*

NGO A's Grant Officer: ...there are individual still and profit grants that we apply for around things that we are focusing on, but the majority if not all of the government money we have applied for in my time has been around quite specific programs and related to government agenda as opposed to our development. I can think of some exceptions. There are, particularly at the federal level there are efficiency and development type grants, and the Department of Health and Aging, for example is one I can think of where they offer, with each age care around there are some opportunities around service developments that would assist us in generally delivering our service.

NGO D's CEO: So it's a three or five, a one or three year funding model and you do great work. But realistically something like that, if it's a three year model, it really takes you six to nine months to get it up and running. By the time you find out about it and you recruit staff and you train and they get to know their clients, then you've got that period of from nine months to probably two and a half years where the program is kind of ticking along and you might need to just refine it and

NGO D's CEO (cont.): things like that. But then that last six months it's really a struggle to keep staff because they know in six months' time the funding is going to end and so that, because the funding isn't recurrent, what you end up with is staff, because they have mortgages and families and things like that, start to leave. So retention of staff is a real issue. So really in a three year funding grant you probably get just under two years of actually good service delivery because it takes you a while to start it up....

NGO D's Grant Officer: Well, I think the problem though, if you've got a current project, it's almost impossible to get funding for something you are already running, so, so, on that basis there is often very little use in applying for that, so you do have to tailor what you've got to, you know, meet what's required. Having said that, if I take it more about things we'd like to do, I think, just, there's less money around for those sorts of things where you can say, this is what we think needs to be done. In Tasmania, you know, really there is a lot of grants that go up to maybe the \$50,000 mark, but you can't run a program on \$50,000, not fully funded. You might be able to fund point, you know, 3 of a staff person, sorry 0.6 of a staff person to, to add onto a program but, you know....

The cycle also seems to cause certain operational issues.

NGO D's CEO: ...we've got a new program and we need an office. We go and say, we can only sign a contract for three years because that's when the funding—or even 12 months. And interestingly the, the Real Estate Act in Tasmania says that commercial leases should be no less than five years. We just cannot leave it at that. Now, three year funding is based on, wrapped around government political cycles as well because most elections are three to four years, but it has messy ramifications for us and our service delivery but also around those infrastructure things like, like leases, and as an organisation we don't own property. We might have a half dozen properties around the country that we own; we lease most of our properties. We don't own vehicles; we lease vehicles. So again I'm sure if we could go to a finance company, I mean a vehicle leasing company, and say that we can lease these cars for five years, there would be a much better deal we could do instead of leasing them for three years. You know, similar with all our IT, we lease all our IT because in three years' time or in 12 months' time it's out of date. So we refresh all our IT hardware every three years, so obviously a little bit of a rolling basis. I don't know if that IT is the same, whether hardware would last five years if we had a five year contract, and we are obviously replacing software all the time,

NGO D's CEO (cont.): but, but those things outside of service delivery are a massive issue which I think hopefully will come out of your thesis study that they cause great problems for us.....

The same CEO also pointed out this unexpected difficulty in the three year cycle:

But, what we want to do, because if it's a 3 year contract, and if we haven't spent all the money in the first year because we have had some delays in getting a full staff team or whatever it might be, and say there's \$10,000 left over, we would like to roll that into the next...and to be honest...most of the government agencies are quite happy within that three year funding period to do that....But, the paperwork you've got to go through to do that is just horrendous, and again there's no consistent, even within government departments about that, you know, so, some of them just want you to write a letter or they might have in, in their contracts, you know, if it's \$10,000 or less you can automatically roll it over. Others, if it's, you know, whatever the figure, if it's \$10 you need to advise us and we will come back to you. And what normally happens, so as I said we are right in the middle of our budgeting process now, so all the managers are doing their budgets, and I can't tell them whether they can roll that money over until probably middle of June, because we write to the department and then by the time they look at it and come back to us, so managers are basing perhaps their staffing on having that extra \$10,000, and all of a sudden I'm, well, we are not sure. You can't put that staff member on or, you know. So the timing of the advice from governments around things like that is very slow.

5. *Government interest in a service client base and the programs to serve it changes frequently over time and not in time horizons best suited to NGO programs.*

NGO D's CEO: ...we, we definitely do that because you build up expertise and staff with the skills, but the issue with that question or that statement you just said is it won't be, it won't be us who get sick of applying. It's the program that will change around us because, you know, the government will put out a program say in the youth area. They'll either extend your contract if they look at it and all your KPIs are fine, or they'll retender it with a, with a bit of a variation because they've evaluated that first run of the program and you are often successful because, you know, if you've done a good job and, and of course you've got the expertise and runs on the board, and then so you've had that now for six years, for example, which is a, which is a good sort of security for staff in that program, and then, you know, we, we'd like to retender, you've built up all those relationships in schools, in the community, in the neighborhood houses and all that sort of thing, and then they'll either

NGO D's CEO (cont.): drop that program because of a policy response somewhere else or change it significantly. That really, I would have to rethink whether the skill sets of those people within those programs are appropriate for going forward into the next.

NGO D's CEO: It's really frustrating if you get a grant for a specific community to go and do some work there, so somewhere in state or federal government or wherever they've identified that, you know, a suburb here is the hot spot, you go in there for three years and support the community and bang, you're gone. And the community probably aren't at the stage where they are self-sufficient, if you know what I mean by that. So, so as an organisation, not so much in Tasmania but nationally, particularly where we are going into remote indigenous communities, we are now saying we won't take funding to go there for three years and our Board nationally has made some commitments that we will not go there for, a couple of them, 20 years, because we don't, and we may deliver the service for the first three years as an organisation on a grant, but then it's also about training up those locals and the community leaders to actually deliver an ongoing lasting service because it takes 10 to 20 years to change the community, the mindset, particularly in some of those local, those remote areas.

6. *Government can change the grant requirements midstream; NGOs have trouble adapting requirements to changing conditions in the field.*

NGO D's CEO: ... the other thing that they do do, and I know this is a major frustration, they change the rules half way through contract periods a lot, and so eligibility for the program changes. I know with some of the federal government programs that's been a major concern for keeping the employment space where they might say that, you know, because a lot of that is also funded on activities or outputs, so they want, say, that, you know, a, a five year plus unemployed person, if you place him in a job you might get \$6,000, and I know at the beginning of this last three year contract that was about the figure. I mean, if you place someone who has been unemployed for less than 12 months, it might have paid \$500. In the budget last year they changed that \$500 to \$29.

PG: \$29?

NGO D's CEO: Yes. So, if, if you, Peter, came in today recently unemployed with a whole heap of skills and an employer rings up and says, you know, I need a person with Peter's skills, we've referred you off and you got placed, we'd get \$29 for that placement. If I was unemployed for five years and you referred me to the same employer, I would have less skills for starters, but the organisation would get \$5,000

NGO D's CEO (cont.): or \$6,000 for placing you. I guess obviously they'll say it's a fair bit of work to get me kind of job ready as well, but what we are finding across the country, we are still doing the same volume of work, but the funding is dramatically, and I'm talking millions, reduced because employers are taking more of the \$29 people because there's more of them on the market and I've got lots of redundancies of people, so people are coming on to our books that are recently retrenched—and in this employment space obviously it's easier to get a job if you, yes, I mean just left or if you are currently in a job than it is for us to place a five year. And so there's that conflict also that the harder the organisation wants to place the five year unemployed person because they've probably got a lot of other issues that getting a job would be fantastic, but you try, and economically that's also better for us as an organisation, but you are also trying to match the, the needs and desires of the employer in this case....So that's, that, change of eligibility and funding throughout a contract period is a pain in the bum for us. And there's not many occasions where we can go back and say, oh, look, can we change the criteria so, you know, we can deal with a broader group, say, for instance, they are not, but say for instance if, if it says it's supposed to be 15 to 19 year olds and we've got 13 and 14 year olds, now the current funding body of [Note: NGO program name removed.] are not that fussed about it, but they could come back to us and say, well, we said you are only dealing with 15 to 19 year olds, you just report on that, and then we don't look like we are achieving our KPIs. So what I'm saying is there's, there's quite often a change from the funder to us about eligibility, but when we go back and ask them to possibly reflect a change it doesn't always work that way.

7. *Government is not a monolith at any level; in each level, there are issues in dealing with separate government functions.*

NGO D's CEO: We believe a lot of our youth programs possibly should be funded through the Education department because they are alternative education [Note: Next word unintelligible.]. These, these young people are school aged and they should be at school. Legally they should be at school. But they are funded through, you know, Police or Health and Human Services or the like, and trying to bring Education to the table is very, very difficult. And interestingly, Education gets the funding through Treasury, through an annual census for every student in their schools, so I might get that funding through, if the young person is in a school, it should apply to someone who is delivering a service to those young people. But trying to engage with Education in Tasmania is one area that is particularly difficult. You can get Police and Health and Human Services to the table, but not the

NGO D's CEO (cont.): three. Or what you find is again we say the clients have to tell their story; so do we, we have to tell their story over and over again to different funding organisations....

8. *Government is still perceived to be managing risk rather than assessing outcomes.*

NGO A's Grant Officer: I think a lot of government reporting is not actually getting information about outcomes, it's about getting information about we gave them money and they did a whole heap of stuff. Whether that stuff actually had a positive impact on the community I think is not necessarily relevant yet. I think, I think agencies like, agencies like us are trying to get our own reporting more to be focused on outcomes than outputs, and I think government are 10 years behind us. It is my feeling....Yes, yes. It's my feeling. We have been doing some of this work since the mid 2000s and we are just, we are just starting to see government agencies actually come in with reporting requirements that are more around outcomes than outputs. At the moment a lot of the reporting is still about hours delivered....but a lot of the time the reporting, the reporting, the reporting requirements tend to come out for a start after the tender process, they tend to come out in contract negotiations, and a lot of the time there aren't systems there to capture the data, and so contracts will run for a period of time without being able to report because we don't have the system set up. We are doing a lot of investment around our own internal systems so we can get better reporting, because we think it's important to us. I think in time government will also ask for some of this data. But as a sector, you know, you know, with compared to other things, you don't get good data in the community service sector because we are still, you know, working paper files in the majority of what we are doing. So it's kind of underdeveloped in terms of systems and reporting but as a sector you are seeing a lot of people now investing in case management systems and that kind of thing, and I know the time, once the capacity is there the government will be able to call on that and get better data. But, I'm surprised you don't see more of it in tenders. Most of the time that's kind of after the fact; oh yes, now we want to know this, this, this and this. And sometimes for agencies like us it's a bit of a shock because sometimes we will get asked for things that we have no idea how to deliver. Some of them are completely unreasonable. So it seems to be a little bit of an afterthought, that kind of data collection, whereas often in federal jurisdictions it's set when you become a provider, this is, expectations are very clear about what data you will have to provide and then when you tender it's on the basis that you can provide that already.



NGO B's CEO: Oh, it's risk, totally, 100% risk. And, you know, that's what governments, but it's really interesting because I talk, I think about this a lot in terms of, you know, that's one of government core roles in any community is to manage risk.

NGO D's CEO: I think it's, it's still in that risk area. I think there is a bit of a change, but it is, yes, management of risk has become, has increased definitely, particularly as government funding has become tighter, and who knows, the tax payers probably support that as well. But, they are more interested in the reporting around, yes, your compliance and your management of that risk than they are about hearing the good news stories about what outcomes you've achieved and how you've moved people positively.

These eight issues regarding Government as a stakeholder in the grants system taken in toto paint the Government as a very powerful entity. The respondents view it as the agent of primary funding and the government's funding mechanism itself to be a bit of a "black box" in which various changing conditions in the overall system make this mechanism a highly dynamic one to which NGOs must constantly adapt.

#### **4.1.2 NGOs**

Five major issues arose in the course of the initial review of the research data concerning the stakeholder known as NGOs. These issues are highlighted in text throughout this subsection with each issue discussed in turn. The major categories of issues for NGOs were as follows:

- 1. The organisational size of the NGO has a direct bearing on several grants issues.*
- 2. NGOs don't know how the reports they file are actually used by government, especially in the assessment of the social impact to their sector.*

3. *NGOs rarely see government agents in the field assessing outcomes.*
4. *NGOs consistently have to deal with gaps in program funding left by grants.*
5. *NGOs have a built-in dilemma. Under fiscal exigency, they have the tendency to cut programs last (but cutting other functional areas might make acquiring funding that much harder).*

1. *The organisational size of the NGO has a direct bearing on several grants issues.*

For example, this CEO questions the need for a large number of NGOs in a small state like Tasmania:

NGO A's CEO: So the state government funds, is it 230 odd different organisations in Tasmania? To me, somewhere along the way we actually need to say that's not good enough because that number of organisations, there has to be costs associated with having that number of organisations, where those monies that are currently meeting those costs would be better spent to clients. So I think somewhere on the way we, the community services sector, need to be saying that's not good enough. And that's not, it doesn't need to be, you know, [Note: NGO name deleted.]'s big now but wouldn't it be better if we had five or six other organisations that were a similar scale and size that had the flexibility to do some of the local initiatives and things?.... We grow anyway. So what we are saying is, we, the sector would be best served if some of those smaller organisations or mid-level organisations came together, you know, so that then they could give us a run for our money better. Do you know what I mean? It actually could lead to a better outcome for Tasmanians, I think because there would be more money. I'm not saying the organisations are inefficient. They are efficient but they are small. Yes, to me, it's a very small bucket really. The amount of money that the state government put out to those 230 organisations is, you know, some of these large multinational organisations, it's their budget.

While another CEO bemoans how larger NGOs can leverage their scale to deliver almost any program more cost efficiently than smaller NGOs:

NGO B's CEO: And, and also not only about how you write the tender, even though, you know, I'm pretty happy with our size because we are very grass roots, so we've invested pretty heavily in knowing our environment and writing tenders, so I think the quality of our tender would equal a large organisation who can afford a bigger team. But, if it's, what happens is the tender at the end of the day, it's about cutting costs of delivery and we could never compete with the cost subsidization of a large organisation. So my view is the large organisations in Tasmania, it doesn't matter which one, if they definitely want to win a program, they've got it.

This Grants Officer explains how their organisation's larger size works against it in applying for small grants:

NGO A: ...but certainly my guess would be we wouldn't find enough money to justify the extra resources to go and look for it, so we could put in for a lot more, 2, 5, \$10,000 grants and I'm sure we'd be successful because we can put together a strong argument, but the amount of effort we'd have to put into applying for them may be greater than the amount of money we'd get back in the end.

PG: I see what you are saying.

NGO A: So certainly for small things like gardens and stuff, we rely on our own donations and pay for them that way rather than going through the whole process.

PG: Oh, is that right?

NGO A: Because even, even putting, for a \$3,000 grant to, you know, build a shed at the back of one of our facilities so people can, you know, store tools and grow their own vegetables, the amount of regulatory mucking around, you know, council grants are a good example, the amount of work that's required to fill one of those in as opposed to just spending the \$3,000 to do it ourselves, it's significant. And the worst part is that you can't farm it out to the local manger because they don't have all, they don't have the insurance details and, the insurance details and the financials, nor is it appropriate necessarily for them to have some of that data.

which is also an opinion shared by this CEO:

NGO D's CEO: I would say that most of our management team don't apply for anything under \$50,000 now to be honest, unless it's with a corporate that we want to build longer term relations, because it takes you, most grant applications, tender submissions have a four to six week window to write them, so you almost have to have, well you do a lot of work before even the tender is coming out of that, building relationships and from there, that it takes someone full time three to four weeks writing that and gathering all the information and researching, and then you've got to involve your finance people and I sign it off, and all that kind of stuff. Then you put it in and you probably wait up to six months before a decision is made. Then when you get the grants, yes, probably, probably at least 15% of any grant is used to fund the compliance and reporting back. And that's why I say, we could pick up lots of \$10,000 grants but it's probably going to cost us \$8,000 to report back and it seems to be those smaller grants, because of, because they come more from foundations or business, they require, quite rightly they want to know what's happening with their money and then they tie us up in knots by reporting back, where we could spend \$9,500 on service delivery and \$500 on reporting back but that's [Note: Word unintelligible.]. And, yes, like even a very simple thing that takes, that costs us \$1,000 is our, is our fee with our external auditors to do acquittal reports every year. So, if you've got a \$100,000 program over three years, \$30,000 a year, there's \$3,000 immediately straight off the top just to provide your financial acquittals back.

The same CEO suggests that the larger the organisation, the more time and resources it can dedicate to the entire grants process to the possible detriment of smaller NGOs:

Now, I know an organisation like us, we've got our own IT systems and case management tools, electronic tools and all that so, but if you are a very small, two person operation that really does amazing work in your local community and you've got to spend half your time reporting back, that's not what we are here for, surely. I know that governments have got to be accountable and all that kind of thing, but....

Others point directly to their ability to have professional grant writers on staff:

NGO B's Grant Officer: We write good tenders. We, we just, we've got a good team. We are good at designing models for service delivery and the way we present our tenders, you know, we've got a few things we do in our tenders which we've had feedback from the government that other people don't do, which I won't share with you.

PG: In general ...

NGO B's Grant Officer: Yes, just the way we present the written document, they find it easy to read. Yes, they just like our approach.

NGO D's Grant Officer: Yes, I think that having a good grant writer is, is essential. If you are, you know, that's probably really one of the number one factors because if you can't write succinctly in a way that makes sense to somebody that may have no background in what you are trying to do, that's really important.

2. *NGOs don't know how the reports they file are actually used by government, especially in the assessment of the social impact to their sector.*

NGO D's CEO: And, you know, the frustrating thing, I'm sure we all will tell you, you put those acquittals in or you put your compliance report in....

PG: No one reads it?

NGO D's CEO: No one reads it, yes, exactly. So that would be fantastic if you had to do a report every six months or whatever and a month later they came back and said, oh, you know, this is fantastic but, yes, we'd really like you to address those two things, and if in six months they were the same two things I'd be worried, but if they were two different things, it's refreshing and renewing the model of service delivery. That's what those reports should be about.

3. *NGOs rarely see government agents in the field assessing outcomes.*

NGO D's CEO: Absolutely. We know what the needs are. Yes, yes, yes, yes. And the other, my final comment, I used to work in government many, many years ago, but I would love the, the people that put out the submissions and the people that monitor the compliance and the KPIs to actually come out and see what's happening on the ground....And that doesn't happen often, but it frustrates me that...and, and if you talk to lots of people, if you are working with child and family of young people, they would like to come out and spend some time with the service and get to know what we do, and it gives them a great refresher but it's their leaders that don't let that happen, or that you are in Canberra and can't get out of Canberra, or whatever....I think that would build a very strong partnership, and that's what it should be, between us and the funding body. It would build a greater understanding of the needs that are actually out there and perhaps they would be a bit more flexible with their eligibility or whatever it might be. And I think it just also gives our staff that support, that, you know,

NGO D's CEO (cont.): they are not just giving us the money and saying, do x, y, and z. They are actually listening and concerned, yes, so it's that perception, morale [Note: Several words unintelligible.] well, which I think could really increase.

NGO D's Grant Officer: Yes, I'll give you another example. It was to do with, I was working, still am, I was in a management committee for a particular initiative that's going on, and it was to do with literacy and numeracy. This topic came up in the context of what we are doing around literacy and numeracy and NAPLAN [Note: National Assessment Program—Literacy and Numeracy.], and you know outcomes under NAPLAN. And basically if, if a young person isn't turning up to school, you know, and they are not basically getting an education, their literacy and numeracy is poor, the problem is not the young person's ability, for example, to become literate or numerate. It's basically the issue is much more complex than that. So you look at, you know, what's the family going on, you know, is it a dysfunctional family? Even if it's functional, do they value education, are they encouraging their child, what's the culture that they are growing up in? Do their parents work, you know? Is there an example being set? All of those things is, all of the things about, you know, logistical, about transport to school, that sort of thing, so there are so many layers that really you need to look at to go work out why this young person isn't turning up to school. And basically there's a range of different people in this particular group and they are all saying that, and I had a senior bureaucrat with an education more or less say, if we just focused on getting them to school, that would solve it....Yes, get them into the building. If you can get them in the door, we are all right. And you know, and for those of us that were sort of coming more from that holistic view, it was like, you know, we've got to be working with family services, we've got to be working, you know, with transport. We've got to be working within the school and, you know, we've got to be looking at alternative programs. We've got to be working with health, you know, all of those sort of things. And it is complex, and it is difficult, and it is time consuming. But, what you are going to do, you know, that's, and that's getting back to what you were saying before, what's going to add value. You just fund that way, you know, you fund retention programs, getting people into school and that sort of thing. Is that what you do? Well, yes you do, but you actually have to think what else do you find, and then that partnership or collaboration comes in making sure they are working with these other players to, you know. It's a lot of hard work. It's, it's resource intensive. It costs money because you are employing staff, and the bottom line for me is that if that's all you are doing, a lot of this comes down to, like I was saying before, what's the attitude of parents or that community. If you really

NGO D's Grant Officer (cont.): want to see social change, your ability to change things long term is as good as your ability to change attitudes within communities and the way people see the world. If you want people to be educated, what are you doing in a community that's got high levels of, you know, low levels of school attainment? To influence their community where it's valuing education and seeing it as important? Or you could just, you know, for a lot of them it's just about, well, you can do all right off the dole and, we are all right.

4. *NGOs consistently have to deal with gaps in program funding left by grants.*

NGO B's CEO: There's a lot of cultural shifts that need to happen in organisations like this and it's really hard work actually to, even though we have done a lot of work on it here, to overlay a business model on a social intervention model, and so when you ask me about, you know, the gaps, our workers would say there's massive gaps about the outcomes because they want to service to the best of their ability everyone who walks through the door. And my view is that if we've been contracted for \$100,000 to service 50 clients, I'll want to know why you only serviced 40, and they say well we were trying to get a good outcome with them, and they may get a good outcome with that 40, but now I'm \$20,000 short in that program because we didn't reach our target. So, I think there's an internal dilemma that happens in these organisations all the time, and we, you know, so we are pushing our workers to service 50 and I keep saying to them, well if you thought you could only do 40, we should have said 40 and only got \$80,000 to start with. I don't have a problem with that. But, now we've employed this number of staff because this was the target we said we'd get. So there's always that dilemma in an organisation like this about getting the outcome that you want to achieve and what the government has paid you to do, and I, and you live with it in terms of explaining the business model, and we've done a lot of work about how much time we do spend with clients.

NGO D's CEO: Yes, absolutely. Financially, there's not enough money to do, because a) there's not enough money to start with, but also, all the talk about reporting on clients, but a lot of, a lot of grants when they come out they'll say, you know, there's 100 clients in this area. We actually get the grant and get out there, there's 200 clients, if you know what I mean. So, so the actual, yeah the cohort that we are working with is changing quite dramatically....We, to be honest, I think we all, we try to make the funds stretch. That also has some issues for the clients, even though you might be serving 200 instead of 100, you can do much better for those 100 if you just solely focused on them. So,

NGO D's CEO (cont.): you are spreading yourself thin, so we are stopping, we might see someone once a week, it might be once a fortnight, so, because you don't want to say no to anyone that's ever in a very difficult situation and, no, well, actually we've got our numbers for this week or whatever and say yes.

5. *NGOs have a built-in dilemma. Under fiscal exigency, they have the tendency to cut programs last (but cutting other functional areas might make acquiring funding that much harder).*

NGO B's CEO: Well that's, that's what happened to us a couple of years ago. Two ways I'll answer that. We do everything not to affect our client programs, so up until two years ago we had seven sites in Hobart; now we've got four. We went to the cloud with IT, so what we did basically in one year, we took about \$800,000 out of our overhead, which was massive, and that's how we still achieve client outcomes by, you just cut your overhead, and then that comes back to all those questions you were talking about earlier, about how do you report, how do you write tenders, how do you do all of that bureaucracy that's needed in any organisation when, in an organisation like this, you always cut the back room services, not the front room services.

NGO D's CEO: Unfortunately we have, and we are right in the middle of our budgeting process now for the next financial year and they are very tight, and so what, what happens is the first thing you cut is either some of your management or you cut your staff training and professional development, or you might cut back on some of those infrastructures, things you rent, you know, cars and phones, but, because you, again you don't want to touch service delivery.

The five issues regarding NGOs highlight some features of this stakeholder as the respondents posit some self-referential positions. First, they see themselves operating on a playing field which is not level—some of their fellow NGOs are seen to have distinct advantages within the grants system. Second, they mostly view their role in relation to Government in reactive terms. Although they see themselves closer on a day-to-day basis to the client population than the more “distant” government agencies that are assessing the



impact of their programmatic offerings, they tend to view their own behaviour as more or less a direct response to how Government treats them in the funding arena.

#### 4.1.3 Competing

Let us revisit the first research question, “*Are there any system archetypes noticeable in the public sector grants system?*” In order to answer that question in a systems framework, one must remember that systems self-organise because “some form of competition is a requirement” (Richardson, 2005: 9). Here, six major issues that arose in the course of the initial review of the research data had their focus on the concept of competition within the grants system. These issues are in highlighted text throughout this subsection with each issue discussed in turn. The major categories of issues for Competing were as follows:

1. *A sector evolution from “cheapest wins” to “best value wins” is underway.*
2. *Best practices are considered when developing programs to a limited degree.*
3. *Prior success at securing grants is important to securing more funding.*
4. *Good relations with the media and with government and its agents are extremely important to organisational success, as is organisational reputation.*
5. *“Gaming the system” behaviour does take place.*
6. *The zero-sum nature of the grants allocation process makes for a very competitive environment and there is no consensus on whether government-required partnerships or joint tendering efforts are good for the sector.*

1. *A sector evolution from “cheapest wins” to “best value wins” is underway.*

NGO D’s Grant Officer: ...but there was a period where back in the 19s, I guess, when I was involved with the community sector, where it was almost like if you are the cheapest, you know, you've got your best chance that people would be at risk of undercutting, you know, and delivering half-baked services because that's the only way you are competing, and then go, oh we'll just make it work. I think governments have got the, realized that cheapest is not best and so they took the value for money, and mostly speaking I think they are actually pretty legit around that. You know, they do treat that as a real concept and one that they are always trying to go, well we can't, if it looks to cheap then, and certainly again when I was on the other side of the fence though, if something seemed to be too cheap I'd be going, you know, this doesn't actually seem to be too much, so it might actually fail because it's actually unrealistic with its budget....But, yes, but I think that, that is true that governments see the sector as being a cheaper way of doing business. But then, you know, the weird thing about it is suddenly they may start putting on layers and layers of quality managers and contract managers and so, you know, it's, the public service never seems to shrink, so it doesn't matter what they do, so, so, but I, but I also think there is a sense of shifting risk and that's not necessarily a bad thing because you are actually moving, public servants generally NGO speaking aren't specialists, and so you know, you are really engaging people who are specialists in delivering particular services and contracting out, so I think to that degree it's actually quite a legitimate way of doing things if you get people who know the business better than you might to do it well, it makes sense.

2. *Best practices are considered when developing programs to a limited degree.*

PG: Do you look at sort of best practice within Australia and the world, I mean, or are you....

NGO B’s Grant Officer: Yes, we do. Mostly just Australia. We don't really look too far. Although actually that's not true because with our housing models, yes, there's a lot of good stuff coming out of the UK, so we do, we do look sort of in that direction, but we always look at what's happening [Note: Unclear if next word was “in state” or “interstate”.] and try and, you know, assess if we can do it better, the same, what their best practice is....Yes, I would say that the state is, well, housing is a good example. The state doesn't want to deliver, isn't delivering all of the same housing services it used to. It's putting it out to the NGO sector, and I think the expectation is that you will deliver a

NGO B's Grant Officer (cont.): better service for the same, if not less money. You know, that's not always going to add up.

PG: Would you, would you be surprised if everyone in the survey said that exact same thing?

NGO B's Grant Officer: Not at all. So you can probably take that as a given.

NGO D's Grant Officer: I think, you know, and this is a trap governments fall into at times. They'll quite often, they do have opportunity at times to go and do the research and they have staff that look at things, and they'll go, this is fantastic, you know. Common Ground is a good example, if you know Common Ground—[Note: Word unclear.] idea—worked really well in New York, so you take that idea, pull it out of a city of, you know, millions and millions of people, and then try to apply it somewhere in Australia, now it's not that it won't work, but what you've got to do is think, well, why does it work in that context and what are the principles that would work in different contexts. The trap can be sometimes governments just can't say it works there so it's got to work here.

3. *Prior success at securing grants is important to securing more funding.*

NGO D's CEO: Yes, yes. Very true. There's no doubt that in this sector success does build success. You can tell your story. You can, you can show the impact you are having and we would, we, obviously any grant submissions where you, where you promote the value of our own services we are currently running, whether they are directly related, but it's about how we have positively changed lives, and that's, you know, say if you've got 10 programs you can easily get to 12 programs, kind of thing.

4. *Good relations with the media and with government and its agents are extremely important to organisational success, as is organisational reputation.*

NGO A's Grant Officer: I think it's about being well known in the government sector and doing a lot of advocacy work around issues. So, I think there is...hard to put into dot points...it's good relationships with government, solid experience, representation on peak bodies, so certainly in all the areas, so housing, homelessness, mental health, all the areas that we have, we have good representation on the kind of the peak bodies in that area, and because those peak bodies have influence

NGO A's Grant Officer (cont.): over the government reform processes. I guess that's how we input and so that's why we are well positioned by the time the actually tender comes around to know what the government is trying to achieve and how we can respond to that. I suppose in Tasmania with the state government, I mean there is, there is a fair bit of sector involvement in the development of government agenda, and so, and particularly in areas like homelessness, you know the sector has been quite involved.

NGO D's Grant Officer: But I think reputation goes a long way and that, that means that organisations like...you know we, we are not [Note: NGO name deleted.] in terms of our reputation or [Note: NGO name deleted.], we don't sort of fit in that sphere, but we are, we do probably have quite a, ah, we've become more known and we've got a good reputation I think one of the key things is having [Note: CEO's name deleted.] in the role. He's very good publicly. He's very good with media. And, you know, he's got some great relationships that he's built, and that work, that he's built, so whilst I would hesitate to say that, like, if, if you are saying well, everything's based on merit, reputation NGO shouldn't be a factor, I think it still is. And I've worked in government and I've been responsible for looking at funding, potential funding applications, and you do do more work when you don't know an organisation to work out well really what they are about. But if you know the organisation and know something about them, it can influence your decision to a degree. You've just got to be careful how much it does....Yes, well it could be less or more, depending on their reputation, say, but, you know, that's, that's really the theory behind it. That's just, you know, what do you know, and we've worked with them in the past and they have consistently been difficult to work with and unresponsive to requests from us, you know, that's going to influence your decision, you know. And you may not appear on paper, but certainly that's a factor.

5. *“Gaming the system” behaviour does take place.*

This was perhaps the most difficult discussion topic. According to Gall (2011), every system (social or physical) “pushes back” against its own functioning, in sometimes very unpredictable ways. This supposition does bear certain parallels with another group of researchers’ efforts detailing subversive “shadow” elements within social systems working

against formal requirements (Halpin and Hanlon, 2008; Murray, 2013; Stacey, 2007).

Naturally, one would expect a certain sensitivity on the part of any system actor to draw attention to behaviour not circumscribed by the system they are operating in. This researcher had to be almost hyper-aware of what was being said and what was not being said in response to questions in this area. In point of fact, the grant officers were much more forthcoming in this area (although much of information gleaned about this topic was gathered after the tape recording of the oral interviews was turned off) than the CEOs. All in all, this topic has been highlighted as a major area for follow-up research.

NGO A's Grant Officer: I think certainly there are times where we feel perhaps other people oversell what they can do. I don't think anyone, in our sector I don't think anyone intentionally goes out to try and oversell, because at the end of the day you've got to deliver and the money's defined in a lot of the grant processes that we go through. There is a set budget. There are set service outcomes. So it's more about the how than the what, so I think that's really important, and so a lot of our submissions really focus on how....I guess the general, the general feeling though is, if I think of substantial tenders that we haven't been successful with, I suppose you could say that there is a feeling some people have perhaps overstated and then when it comes to, once the service is implemented, we can say that they would have delivered something very similar to what we had planned, and so we wonder what the differences are. But it's not always so clear. We don't always get that feedback, or at least I'm not aware if we do get that feedback as to why they were chosen.

NGO C's Grant Officer: I don't think it's totally outrageous. I think people present the best case they can and I don't expect that people lie at all, but I think people always put their best foot forward, so I think that's more true than not true, but I don't see any, you know, anything bad about that.

NGO D's Grant Officer: But, when you are asked to apply for a grant, quite often they want to know your statistics about unemployment, statistics around, you know, and so you do, you know, at times you are looking, sometimes you might look at a stat and go, actually that's not going to make a strong enough argument for us, where's a better stat

NGO D's Grant Officer (cont.): that we can use. So that risk of over-exaggeration, so I think, look it's there and what you've got to try and do is say, well look, we know there's a need there, that's what we applying for, how do we best articulate that and provide evidence for it that's true and real and fair and not, you know, overplaying it, but it is a trap. So.

6. *The zero-sum nature of the grants allocation process makes for a very competitive environment and there is no consensus on whether government-required partnerships or joint tendering efforts are good for the sector.*

NGO A's CEO: ...it is a very competitive funding environment and we will not, when we get to the tendering we will often not share because we are competing. Once the tender's in, then we share. And so, so I think there is that sense of competition which does mean that you don't share....They could have gone to an open tender and asked anyone to deliver the service. I'm not convinced that that approach, where making people work together, is necessarily, will necessarily lead to a better outcome as if they'd gone to an open tender.

PG: Why do you feel that way, sir?

NGO A's CEO: Because I don't know. You know, like, I, this group, the [Note: Program name deleted.] group, we've all met together, we've got a formal MOU [Note: Memorandum of Understanding.], lead contracts, the CEOs, we all meet together. We all love one another. But is that going to lead to a better client outcome? Because the costs associated with maintaining a relationship between the five parties and that sort of stuff, the transaction costs about that, are they going to be borne by cost of service delivery? Would it have been better for them to have said to one group, you deliver [Note: Program name deleted.]? And that's what I'm not sure yet, we'll have to wait to see the outcome of it.

Another CEO expresses her reservations with the following:

NGO B's CEO: Whether competitive tendering is the way to go is a completely different issue, you know what I mean, because if you, if you subscribe to the current system, you've got to put so much resource into tendering. However, I, I just think that it's really unimaginative, the way that governments have pursued their competitive tendering tool as a way of delivering social services.

PG: You do?

NGO B's CEO: Yes, I do. I think it's, it's very limited. It's a, it's a competitive, you know so who wins is the one who can write the best tender in lots of ways, and I don't know whether that's necessarily the best response.

The six issues raised by the respondents regarding the competitive nature of the grants system in which they operate point out the importance NGOs place on their current reputational standing to other stakeholders (and especially to Government). Respondents also seem to be indicating a paradigm shift in Government assessment from a “cheapest wins” to a “best value wins” approach. Finally, certain competitive behaviours and their relationship to how NGOs deal with their fellow organisations are highlighted.

#### **4.1.4 Complexity**

A major issue arose in the course of the initial review of the research data concerned the concept previously referred to as complexity. This issue is in highlighted text in this subsection and discussed within. The issues dealing with complexity were all subsumed under a single heading in the following manner:

*Generally speaking, the public sector grants process is perceived to be getting more complex.*

- 1. Generally speaking, the public sector grants process is perceived to be getting more complex.*

It is important to note here that “complexity” was mostly allowed to be an emergent topic in this study. The resultant picture is one of increasing task, information, and social complexity in each stage of the grants process with paperwork requirements seeing an

increase in the number and types of questions asked, in different (and variable) reporting formats depending on which government agencies (and their preferences based on proprietary software and hardware platforms) are involved, the density of information required, the level of detail required at each milestone point, the evolution of program delivery models needed to support grant applications, the increasing number of channels the information must go through at the organisational level for data retrieval, checking, and approval (especially as NGOs mature and specialization spreads), and the number of government agencies that need to be updated (e.g., multiple acquittal systems across multiple departments over the life of many overlapping programs). In larger NGOs like the ones sampled, this complexity can be tackled through specialization (e.g., grant officers used to manage tendering activities, program managers who deal with contract compliance issues, and finance managers who deal with acquittals—all coordinated usually with the aid of back office technology for data storage, retrieval, and communication—technology which is usually capable of adapting to changing data requirements from the government). However, smaller organisations that are not in alliances with larger providers usually have no such recourse. In addition, the complexity of regulatory compliance (which by the accounts herein is inferred to be both the number and type of regulations from different government departments) is also increasing and affecting all NGOs regardless of size or scale of operations.

PG: More complex?

NGO A's CEO: Yes. And, and it's interesting because the ACNC [Note: The regulatory body, Australian Charities and Not for Profit Commission.] are saying they are going to help with some of that because, you know, you'll have report once type of thing, so if you, you know, if you are registered then you won't have to include all, some of that preliminary detail because it will be on their register. I've heard that before.



NGO A's Grant Officer: More complex. They are asking more questions. I don't think the requirements are more complex. I think you've got people sitting in government who are thinking, ah we really need to ask about that now, we really need to, there's new OH&S [Note: Occupational Health and Safety.] laws, we need to ask more data all about that. What I think is, is prohibitive for organisations like ours, is if we are applying for 10 major state grants over the year, that every single one of them will ask the same questions, they'll want some information, and these are organisations that already fund us for \$20 million a year. They know the answers to these questions, but they are asking us again because for probity or whatever else. One of, so I see that as a big frustration for our sector, and especially in a sector where we are applying for government grants but it's not for commercial reasons, it's not for profit. We just want to deliver the service. So there is a huge overhead for us in, you know, rewriting, in re-providing our insurance cover, insurance certificates of currency and, you know, our certificate of incorporation and our Board members' home addresses and driver's license numbers, and that at a federal and state level. There's a lot of duplication around that for our sector, which is pretty small, and there are not new entrants all the time, particularly in Tasmania. There was a lot of talk about being able to streamline some of this stuff; it has not come to fruition yet. Some of it is getting better. Some of the bigger government grants will say, you know, if you have already, if we already fund you, don't provide this, this and this. But it is still a cookie cutter approach to a lot of this stuff.... Well, it takes time and because of the seriousness of this stuff, it's taking time away from people who should be focusing on other things. So carriage of the tender will all be the responsibility of me as a kind of centralized resource, or the responsibility of a state manager, these are, you know, senior management roles, so, but because of the importance of not missing that form that's required, we can't, it can't be found out. So you've got people, people who should be managing, you know, state wide services who are instead focusing on whether this particular PDF is attached or, it also creates, I mean it just creates volume of paper, you know, a lot of tender processes still require a printout of all of that stuff, you know, annual reports that can be found on websites, all of that kind of stuff. You really do have to wonder whether some of it's, wonder whether some of it's ever looked at. But secondly, if it is required, you know, can we sign that it's available and provide it on request. Some things are moving that way, but not enough.

NGO B's CEO: I think that how it affects us mainly is our finance area is a pretty small finance area, and we do have to acquit every grant, obviously, and those sorts of things. So it's, you know, just think it's hard for organisations of a certain size to invest in good systems,

NGO B's CEO (cont.): financial systems or whatever. And, I just think, in terms of the time it takes for our two finance people is just beyond the, beyond the pale in lots of ways.

NGO C's Grant Officer: Just that this, to use this most recent example that's uppermost in my mind, there were two parts to the application process. One was an expression of interest and the other was a, you know, okay you're over the first hurdle, go to the next. And, when I was doing my homework, there were, those two stages each had five major criterion and they had about six or seven questions under each. There, in terms of the application process, say you've got a much more rigorous set of information that's provided up front that then is used, you know, to measure your compliance down the path in terms of budgeting and all those kind of things and commitments that you put together, so you've got much greater focus on very particular KPIs that can be measured and it's much more regular, I think, you know, the reporting processes. You know, you don't just get your money up the front and give a report down the end, you know, it's very regular staged reporting in most cases. That, that goes to a pretty high level of data in those cases.

PG: Takes almost all day, would you say?

NGO C's Grant Officer: Well, it can do, it can do. Not every day all the time, but when you have, you know, a rush of those things together, it's a very large proportion of time.

NGO D's CEO: Yes, I'm just, well certainly this quality and safety reporting, which is everything from, you've got fire extinguishers to governance and consumer engagement, things like that. I think one, one of the frustrations we have is that systems don't talk to one another. So IT should be saving you time, but they won't give you the platforms that your system will talk to the government system, so you have to do, you know, different reports. We almost have to drive, drag data out and then rehash it to the government system, which is very old and clunky. So I mean, in some ways that are great across the sector, we have almost moved forward of the governments IT systems, but you still have to report under the government system.

NGO D's Grant Officer: Yes. It's not becoming less complex. I think there's an awareness increasingly from government that, you know, they talk about reducing red tape and so I think the awareness is there. I've not seen any runs on the board in terms of reducing compliance. My bottom line is that, I'll pluck a figure out of the air really, but I think, you know, somewhere around 70% of all compliance tasks we are

NGO D's Grant Officer (cont.): required to do would be the same for any government department, whether it's state, Commonwealth, local government. It's going to be the same. So why not have just an Australian standard compliance, you know, for those quality areas and, and then you'd only have to have difference around the 30% that would be program specific. So, so my view is it's fixable if there's a bit of willingness. I mean, accountants do it with accounting standards, you know, that's all we really need to do, say well this is the objective standard and that's what all of governments sign up to do. That would reduce compliance. You could have one quality, national Australian quality system that you do all that in that in government departments can access and do their quality checks on you. So in terms of that area of compliance, and I'm talking quality, it could be much easier.

All in all, complexity in the system is a very timely issue as this matter of reducing regulatory complexity by reducing bureaucratic “red tape” is being used by the current Commonwealth government as one of the major reasons for eliminating the ACNC. The ACNC's Annual Information Statement (AIS) is seen by some in the sector as just another layer of bureaucracy:

Based on the Commissioner's 45 minute estimate it will take the 57,500 organisations registered with ACNC a total of 43,125 hours to complete the AIS. That is the equivalent of a year's work for nearly 25 full-time employees to meet this obligation (*ACNC adding to sector red tape—Uniting Care*, 2013: para. 6).

In summary, there was almost universal consensus amongst the respondents that the grants system was becoming more complex across multiple dimensions. This complexity was seen to be affecting NGOs in a disproportionate manner—with larger organisations viewed as more inherently able to deal with growing complexity within the grants system.

## 4.2 Conceptual framework

Having followed the guidelines which holds the theoretical framework operates on “a broader scale of resolution” (Regoniel, 2010: para. 4), the researcher can now move towards those issues which will help shape the more focused conceptual framework. First, we can take all the self-perceptual findings of Section 4.1 (8 findings related to Government, 5 to NGOs, 6 to Competing, and 1 to Complexity) and start to look at the system the interviewees are operating in based on their own contextual perceptions. This approach might be loosely comparable to actors describing their performances while acting them out.

This sample would appear to view Government at all levels as a rational actor. Although no one in the sample could pinpoint the formula by which public sector grants are either created, awarded (or by extension denied), or withdrawn, they do seem to share a uniform belief that there is a type of coordinated master plan amongst the three levels of Government to accomplish three specific goals: 1) to deliver goods and services to the community in a value-added way, 2) to maintain a mix of NGO organisations in their sector (although there is disagreement amongst the sample respondents about what constitutes a healthy mix), and 3) to minimize the risk of any “blow back” or negative consequences from the grant awards (primarily through the use of bureaucratic acquittal mechanisms). Furthermore, because the majority of their funding comes from Government, this sample group of NGOs more or less views their organisations as receptive implementers of Government policy rather than initiators (although some are quite proud in their purported ability to help shape Government policy).

In the theoretical model, Government was presented as an actor which establishes public policies (of which the awarding of Grants is one) and is in charge of implementing those policies so as to provide services and support for certain disadvantaged citizens within its environmental domain. Using grant awards as a major source of funding, nonprofit organisations like the NGOs surveyed are also implementers of policy by virtue of their own programs and projects (which are acquitted by Government personnel). If the theoretical model is retrofitted with a “rational head actor with a plan” overlay to the Government stakeholder description and NGOs as self-described “happy sidekick (and dependent) actors” to Government’s lead role, one possible course that future research might take would involve trying to determine the actual level of planning and coordination between all levels of Government to see how valid that perception of Government is, to tease out the nature of the dependency relationship NGOs have with Government, and to witness the types of outcomes from this “lead actor/sidekick” arrangement amongst the community at large.

The author has constructed a series of figures (see Figures 3 through 7) that explain in more detail the theoretical model. To better explain the operations of the sampled group, Figure 3 is a more detailed high level view of NGO operations and is the beginning of the conceptual framework. In Figure 3, it is postulated that NGOs come into being usually with an organisational mission or client target group (and a sense of independence from particular Government public policy) as the genesis for its creation. This area bears further research but such a finding would help to explain the large number and diversity of NGOs in Australia as local concerned citizenry tackle the same (or perhaps overlapping) social issues on a local or regional basis over time leading to a persistence (and perhaps duplication) of efforts from

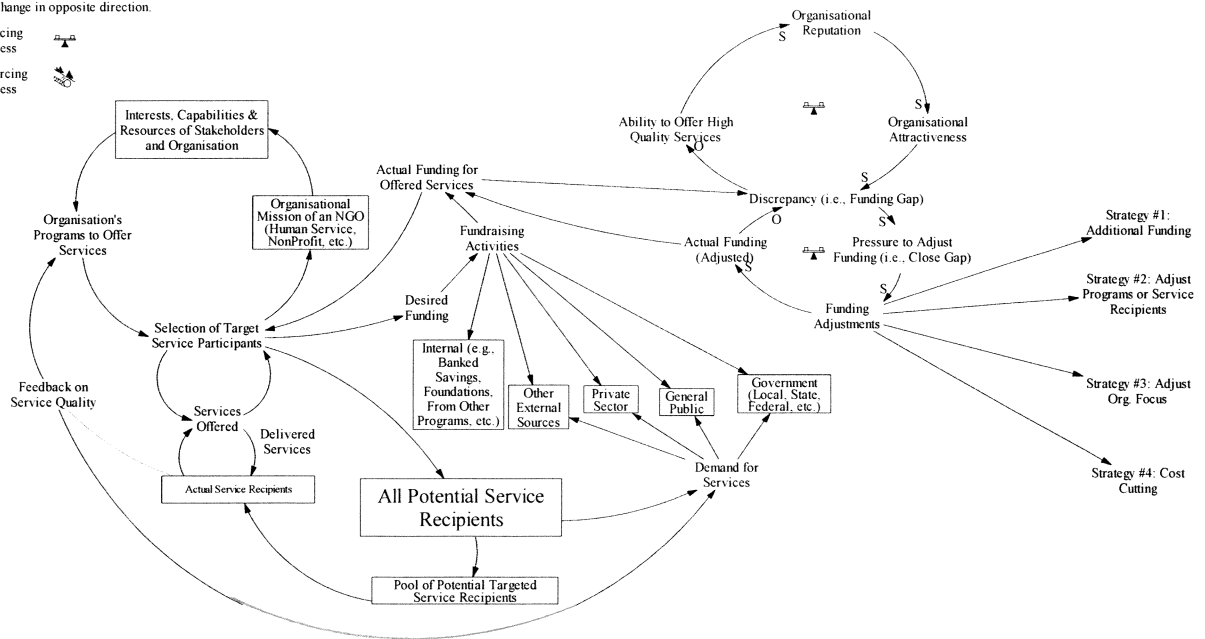
Figure 3

Conceptual Framework/Systems Diagram (Top Level View) using Vensim

S = Change in same direction.  
O = Change in opposite direction.

Balancing Process

Reinforcing Process



various NGOs. It would follow therefore that larger NGOs evolve from smaller organisations, unless a massive infusion of funding suddenly becomes available to establish larger scale nonprofits (again a topic for further study in the areas of corporate and philanthropic giving and nonprofit organisational development). Also of note, NGOs operating within a single country might quickly organize an international or extra-territorial arm of operations due to a disaster or a particularly threatened population elsewhere. It is assumed however that those type of creation events are rarer than the more commonplace version of localized focus and relatively slow evolution—as NGOs become better known their growing reputation aids their fundraising activities (which in turn leads to more programs, increased scale of operations, bureaucratic administrative practices, etc. in a complementary systems progression of positive feedback feeding funding feeding growth).

During the creation process, for legal and operational purposes the NGO must be classified (e.g., Is it a peak body? Is it an advocacy-oriented organisation? Does it involve itself directly with public clients?, etc.). The interests, capabilities, and resources of the NGO's internal stakeholders (which is assumed on average to be a small core group of founders, Board members, and key employees) are assessed to determine what influence this NGO can have on its environment. This influence usually involves some ability to offer services or resources to a particular client base. This client base naturally follows on from the organisation's classification and mission but is also heavily dependent on its program types and quality of service offerings over time. Programmatic development can be seen to be naturally based on current (and expected) levels of Desired Funding. NGOs have a variety of means for raising funds other than public sector grants (e.g., fundraising programs,

memberships, corporate or philanthropic donations, etc.) as shown in the centre of Figure 3. However, their programs are usually running on a continual basis and require near-constant funding efforts. Therefore, NGOs must always be aware of the difference between their Desired Funding level and their Actual Funding level. It would seem to follow, therefore, that an NGO selects a targeted client base from the much wider pool of all those in the environment who could benefit from their services. This selective targeting has much to do with the nature and parameters of the programs it offers. For example, an NGO might run a literacy and numeracy program but only for women aged 12-18, as dictated by the public sector grants funding specifications, even though there might be a much wider demographic which could benefit from such a program. These Actual Service Recipients help the NGO fulfil its larger organisational mission of reducing illiteracy issues in the general public where it operates, and these Actual Service Recipients help Government fulfil its public policy of reducing illiteracy in the population at large (and in this example, amongst women 12-18 years of age). As demonstrated in this example, however, individual NGO programs can often leave local demographic gaps across various social issues amongst the population due to non-overlapping and discontinuous grant funding specifications. Where outcomes are not assessed, the efficacy of each particular NGO program being offered is also naturally an open question.

As this researcher encountered in the sampled NGOs, there is usually a funding “gap” when NGOs are heavily dependent on public sector grants (see category #4 in section 4.1.2). This gap emerges from the complexity of the social environment. An NGO with a public sector grant to fund a program of a certain client size might find itself with an increased



cohort, a cohort with multiple issues, and/or a cohort who cannot be fully serviced at that particular funding level. When these gaps exist (and anecdotal evidence from the participants and the literature of the field points to a near constant state of funding gap maintenance), the organisation is usually under considerable pressure to close these gaps. Here is why that might be. From the finding that grant awards success breeds more success (see category #3 in section 4.1.3), it can be reasoned that organisations that depend so much on past successes and organisational reputation to secure additional funding across all sources must pay strict attention to the quality of their service offerings and how those offerings feed back into the perception of the organisation by its clients and ultimately the funding sources on which it is dependent. To do otherwise would court organisational disaster.

To close those funding gaps, the research herein generated only the four coherent strategic themes (listed on the right side of Figure 3) which NGOs can utilize. The researcher presents each of these in turn in the following section, takes into account their effects on the conceptual framework, and searches for any patterned behaviour in the emerging framework.

### **4.3 Data analysis/Part 2/Themes**

In the first coding stage or pass used by the researcher, descriptive coding generated “a word or short phrase that symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute for a portion of language-based or visual data” (Saldaña, 2009: 3). These codes or categories can come from the “original language of the participants” or from

“the researcher’s knowledge of previous theorising and findings in other studies” (Elliot & Timulak, 2005: 154). These codes, drawn mostly from the word analysis of the survey participants’ transcripts in combination with concepts derived from stakeholder commentary in Australian government reports, are presented in Appendix 8. The researcher, in a bottom-up approach, attempted to label discrete concepts into object- and issues-oriented categories like Bureaucracy, Community, Funding, Grants, etc.—each with their own subtopics. The second coding stage, interpretative coding, produced a category of categories:

In this process we would be looking for similarities and regularities between the already established categories. Thus, we typically establish categories of the first order that categorise meaning units, categories of the second order that categorise the categories of the first order, and so on leading to a hierarchy of categories, with the bottom level including the meaning units and more and more abstract categories evolving... (Elliot & Timulak, 2005: 155).

In this second phase, the 121 categories or “nodes” (to use the terminology employed by NVivo) from the first phase were regrouped into 12 higher level categories (see Appendix 9). Each of the nodes from the first pass is presented in a tree structure under the categories generated in the second phase (see Appendix 10). The organizing principle used in this pass was the attempt to form super ordinate categories of a similar nature by cutting and sorting categories “into piles at different levels of abstraction” (Ryan and Bernard, 2003: 103). Thus, categories such as Staff/Development, Staff/Expertise, Staff/Grant Writers, Staff/Management, Staff/Other Staff Issues (e.g., Morale, Retention, Work Roles), Staff/Sustainable Employment, and Staff/Understanding Organisational Model simply became the super ordinate category of “Staff Issues”.

The third coding pass, abstract coding, clustered the categories generated in the second pass into an even higher level of abstraction in order to discover “themes in texts”

(Ryan and Bernard, 2003). Here, the researcher was guided by the rule of “essential sufficiency,” which means that “we are looking for the simplest way to fully depict the phenomenon” (Elliott and Timulak, 2005: 155). In this way, the potential paths an NGO could take to cover funding gaps, an overarching theme which emerged as “the essence” of the stakeholder organisations being studied was fleshed out by the creation of additional categories:

We are looking for what constitutes the main findings contained in the categorisation or taxonomy, so that we can communicate them clearly to the reader. Thus, we may also ask of our results, What categories are required to communicate the essence of the phenomenon? (Elliott and Timulak, 2005: 155)

These “thematic” results are presented in Appendices 11 & 12. They are discussed throughout this section of the chapter in light of their contribution to the refinement of the conceptual framework.

In Clausewitz’s *On War* (Howard & Peret, 1989), the author develops the concept of a critical objective when he notes that in each opposing force, “a certain center of gravity develops, the hub of all power and movement, on which everything depends. That is the point against which all our energies should be directed” (595-596). An NGO’s centre of gravity, the factor that allows them the freedom to act and compete in their environment, appears to this researcher to be their funding since so much of their time, effort, and talent seems to be concentrated in this area. Funding allows them to hire staff, utilize technology, develop programs for clients (thereby helping to fulfil its organisation mission), market themselves (thereby helping them to compete for additional funding), etc. Helping to feed this funding focus, participants describe natural organisational inclinations to evolve (to upgrade its technology, to professionalize its staff, to generate efficient internal processes,

etc.) and to extend its reach (to offer more programs, to reach more of the Potential Service Recipient pool, make its positions known to others in the environment, to affect public policy, etc.), especially when the organisation achieves programmatic success and has a good reputation in the field (see category #4 in section 4.1.3). Indeed, one could propose that NGOs are in locked in a perpetual cycle of trying to burnish their reputations and organisational “attractiveness” in order to secure greater levels of funding (for more on this fixation on funding see Austin *et al.*, 2006 and Weerawardena *et al.*, 2010).

Funding shortfalls or gaps cause complex reverberations throughout the organisation and would seem to affect every aspect of operations. Some of these gaps are covered internally by the organisation by moving existing funds around (although this seems to be an adaptation more suited to larger organisations which have multiple programs and thus can afford to shift resources between them as needed). This is a short-term solution however and does not address the ongoing funding shortfalls. The researcher decided to make the conscious choice to gather nodes under categories which could reflect other solutions to closing the funding gap. That was the basic principle upon which the “underlying pattern recognition and category foundation” activities occurred (Malterud, 2001: 486).

Other short-term solutions can include obtaining additional funding, cutting costs, or adjusting the NGO’s “reach” by internally adjusting their programs (number or type of clients within programs, number or types of programs offered, number or type of programs in development), or by externally seeking help through partnerships or alliances, or by outsourcing or subcontracting out service delivery. In the long-term, NGOs can address funding shortfalls by either evolving into better fundraising organisations or by establishing

long-term partnerships, alliances, or subcontracting arrangements which could help tamper down funding gaps. Thus, funding is presented here as a nonprofit's key "pressure point," and an NGO's four potential adaptations to funding issues are offered as themes that help to further develop the emerging conceptual framework.

#### **4.3.1 Theme #1: Additional funding**

The first theme that arose from the end result of the coding process involved the theme of NGOs trying to find additional funding. One of the quickest ways to make up a funding shortfall is to seek additional funding. Several factors seemed to limit the participants in this study from broadening their funding reach into other domains to a greater degree. Public sector grants are a known quantity to them. So much of their organisational resources and processes have been utilized in producing grant information in government-specified formats that exploring other areas is seen almost as a distraction from their key funding source. The respondents also claim different skill sets are required to plumb other areas. In addition, they maintain that the funding pools in those other areas are not as large as Government's (and are shrinking along with public sector grants pools). The additional funding theme is thus added to our conceptual framework in Figure 4. Figure 4 is the first in a series of four modified causal loop diagrams (see Glossary of Terms), with each describing one theme derived from the analysis.

#### 4.3.1.1 System behaviour

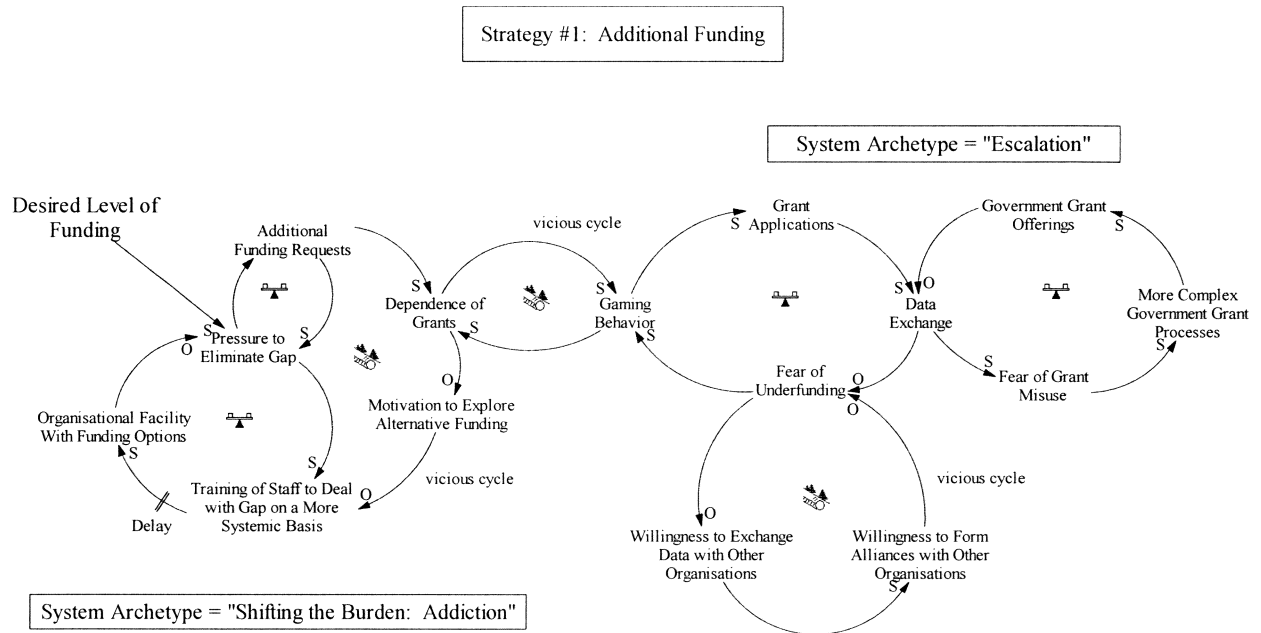
In Figure 4, the difficulties in seeking out additional funding can be more readily seen. A natural reaction for organisations so dependent on public sector grants for their funding would be to seek out additional grants to make up for any shortfalls experienced. They could seek out other sources of funding depending on their competence and history with those fundraising sources but this requires an ongoing evolving organisational capacity to scan the environment for such opportunities. They must then have the ability, desire, and willingness to continually forge new relationships with outside entities like corporate or philanthropic organisations as well as to maintain older connections. At the same time as contingency funding efforts were ongoing, a learning organisation could be training to deal with funding gaps on a more systemic basis (for example, by imposing tighter restrictions on service parameters in each program offering—something potentially very difficult to achieve in an environment operating under a social service versus a corporate control model of operation). Thus, early on in this theme, a “vicious cycle,” or a “deviation-amplifying loop” (Masuch, 1985: 16), could present itself.

*Vicious Cycle: An NGO with a track record of success in obtaining government grants is likely to seek additional grants to cover shortfalls.*

Prior success in obtaining grants on a contingency basis can decrease the motivation of the organisation (and the level of resources it earmarks for those efforts) to explore alternative funding mechanisms. In terms of systems “archetypes,” the left-hand side of Figure 4 described so far bears the hallmark of a variation of a “Shifting the Burden” archetype called “Addiction”. It is called Addiction because what results from following such a pattern is addictive behaviour focused on a symptomatic solution rather than a “fundamental” solution

Figure 4

Conceptual Framework/Systems Diagram (Theme #1 View) using Vensim



(Anderson and Johnson, 1997: 125). This symptomatic solution “produces a side effect that systematically undermines the ability to develop a fundamental solution or capability”

Anderson and Johnson, 1997: 125). Using the terminology of causal loop diagrams, this archetype is made up of two balancing loops (see Balancing Process in Glossary of Terms) and one reinforcing loop (see Reinforcing Process in Glossary of Terms). In this case, the two balancing loops combine to act as another reinforcing loop, pushing the system away from a fundamental solution.

Moving left to right in Figure 4, another vicious cycle could be encountered if “gaming behaviour,” or trying to manipulate a system’s rules (or lack thereof) and procedures (or their inadequacy) to obtain a good outcome, is utilized by the NGO in question in its quest for public sector grants. Gaming behaviour can take many forms, from exaggerating the best case scenarios presented in grant applications, to overstating the problem areas they will be addressing, to disguising what the funding is actually covering, etc. Gaming behaviour has been noted wherever social systems are established (see for example Baker *et al.*, 2008; Berne, 1964; Morreim, 1991). However, if an NGO games the system successfully, this could lead to additional addictive behaviour:

*Vicious Cycle: An NGO with a track record of success in gaming the grants system is likely to attempt additional gaming strategies in the future. This behaviour also reinforces an NGO’s dependence on grants.*

In the three loops to the right side of Figure 4, another systems archetype presents itself naturally. As the survey respondents stated, Government at all levels, especially in times of fiscal exigency, is increasingly under pressure from stakeholders to justify the efficacy of the expenditures of its grant-based (public) monies. This pressure often results in



Government devising and administering more and more complex application, reporting, and compliance systems in part to obtain quality measurements so as to reduce the “risk” of grant award decisions. In other words, Government is in a perpetual mode of dissatisfaction with the amount and quality of the data exchanged between itself and its grant recipients.

NGOs feel threatened (and overburdened) by this increasing level of complexity in its interactions with the government and some have the choice to respond by gaming the system (as discussed above, the more successful gaming behavior an organisation exhibits, the greater potential that this behavior is reinforced). Fear of underfunding in a zero-sum funding arena places them by default in a field of intense competition which tends to naturally reduce NGO alliances that could provide aid to cover gaps—another potential vicious cycle:

*Vicious Cycle: An NGO is less likely to share data with other organisations it is in competition with for funding for fear of losing its competitive edge, showing weakness, or potentially lessening the pool of available money.*

Taken as a whole, these loops form a systems archetype known as Escalation. In causal loop terminology, two balancing loops “will create a figure-8 effect, resulting in threatening actions by both parties that grow exponentially over time” (Anderson and Johnson, 1997: 123). Each actor uses self-defence tactics because each views the other as a “threat” (Anderson and Johnson, 1997: 125). A suggested area for future study would be to explore if the composite results of this “cold war” are being consciously examined by any of the system actors and what effects it has on system complexity.

#### **4.3.1.2 Thematic Summary**

The emergent theme of NGOs covering shortfalls in their program budgets by seeking additional funding seems at first glance not to be particularly revelatory. However, the search for additional funding has a significant impact in the conceptual framework as one of the four rather limited strategic paths that NGOs can pursue. It is a path fraught with peril as several archetypal traps lie in wait, including the potential to develop an dependence on certain funding mechanisms, to game the system to promote best possible funding outcomes, and to view other NGOs as competitors rather than as sources of cooperative energies.

#### **4.3.2 Theme #2: Adjusting programs and client base**

The second theme that arose from the end result of the coding process involved the theme of NGOs adjusting their programmatic offerings or adjusting their target clientele when they encounter funding shortfalls. This second theme is shown in Figure 5. To achieve its Desired Level of Funding, NGOs can attempt to separate the wheat from the chaff so to speak and focus on those programs which prove to be self-sustaining through ongoing public sector grants. In addition, the organisation might be tempted to alter its target client base so as to serve its preferred clients through such self-funding programs. However, when this strategy is added to the conceptual framework, two potential Systems Archetypes become immediately apparent.

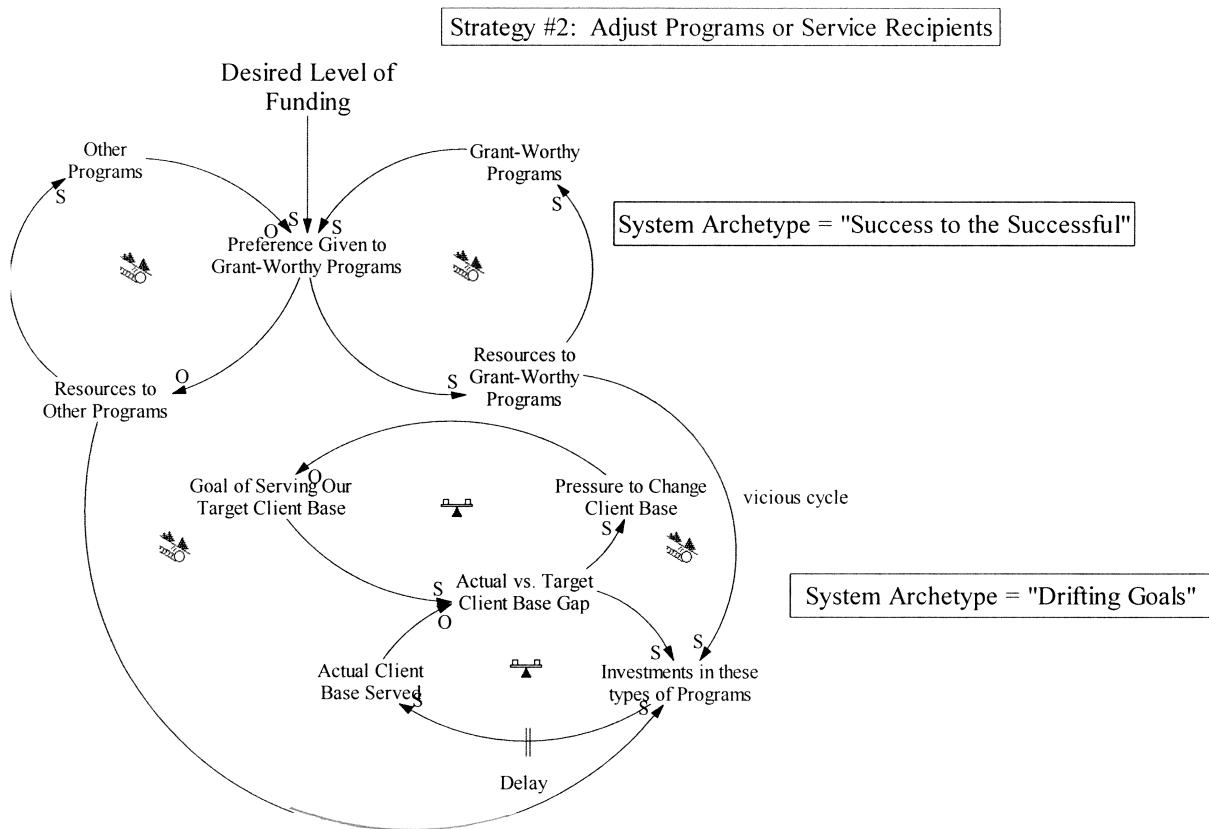
#### **4.3.2.1 System behaviour**

With the first Archetype, “Success to the Successful,” an NGO’s decision-making process regarding which programs should remain in its retinue of offerings is explored. The upper two reinforcing loops in Figure 5 are examined under the assumption that at any given time, an NGO will have programs “underway,” that is to say, programs which have been funded, staffed, and are currently serving clients. At the same time, however, an NGO is likely to either have programs which are not yet fully funded (e.g., programs being trialled or programs in development partially in response to changes in client demographics, to different social issues as they come to its attention, to feedback on its existing programs, etc.) or programs not currently funded by public sector grants. In these circumstances, the NGO might not be aware which of its other programs are “grant-worthy” and which are not due to the ever-changing shift in public policy focus by Government at all levels. Hence, an NGO often finds its own portfolio of programs in an arena where they are competing for a limited pool of resources. If there are two competing programs for example, success here is usually measured by how grant worthy each program is (i.e., not on other criteria such as efficiency, effectiveness, or community outcomes). If one program starts to garner more grants than the other, then this program would tend to get more resources dedicated to it. The typical result being is that the other non-grant funded programs are eventually starved of funds in favour of those programs receiving grants in the near term.

The Success to the Successful Archetype endemic to competing programs can also foster a vicious cycle in terms of client base:

Figure 5

Conceptual Framework/Systems Diagram (Theme #2 View) using Vensim



*Vicious Cycle: NGOs that always favour grant-worthy programs can find the nature of their client base changing over time regardless of their organisational mission.*

This vicious cycle is also a side effect reinforced by another System Archetype called “Drifting Goals,” which is composed of two balancing loops with each loop undermining the hoped-for balance the other loop is trying to achieve. In this case, there is the potential for an NGO to succumb to a “drifting away” from target clients to grant-worthy clients (a client base favoured by current public sector grants). In other words, the gap between an individual NGO’s target clients (clients targeted through the organisational mission), grant-worthy clients (clients that the public sector grants favor), and (potential) clients not covered (or under-covered) under grant guidelines would be growing over time as ever-changing social conditions produce more variety in those that could benefit from service delivery and there is an inevitable delay in the change of client focus by NGOs and Government. An interesting follow-up research area would be to explore these “gaps” in the coverage of public policy instruments. How large a part do they play in the persistence of social problems?—a persistence which in turn feeds the cycle of program need and service delivery by NGOs. Ultimately, changing the focus of the programs and client base can be an indication of mission drift—“when a nonprofit unintentionally moves away from the organization’s mission” (Hurvid and Anderson, 2013: para. 3) in order to “secure funding in more challenging economic conditions” (Hudson, 2010: para.1). By drifting into service areas where they do not have expertise or the proper management structure (Hudson, 2010), the negative consequences of chasing the funding dollar can feed back into an individual NGO’s distinctiveness in the field and its reputation (see Figure 3), and thus ultimately in its ability

to fundraise, to maintain organisational focus on its mission and goals, and, critically, to meet Government's "compliance" regulations for nonprofits (Hurvid and Anderson, 2013: para. 6).

#### **4.3.2.2 Thematic Summary**

The emergent theme of adjusting programs and client base highlights one of the more problematic aspects of an NGOs evolution in a zero-sum environment. As it adapts to funding shortfalls by favouring "grant worthy" programmatic offerings and oftentimes changes its client base in pragmatic fashion to those who can be serviced by grants, an NGOs ability to maintain its mission and goals is frequently tested.

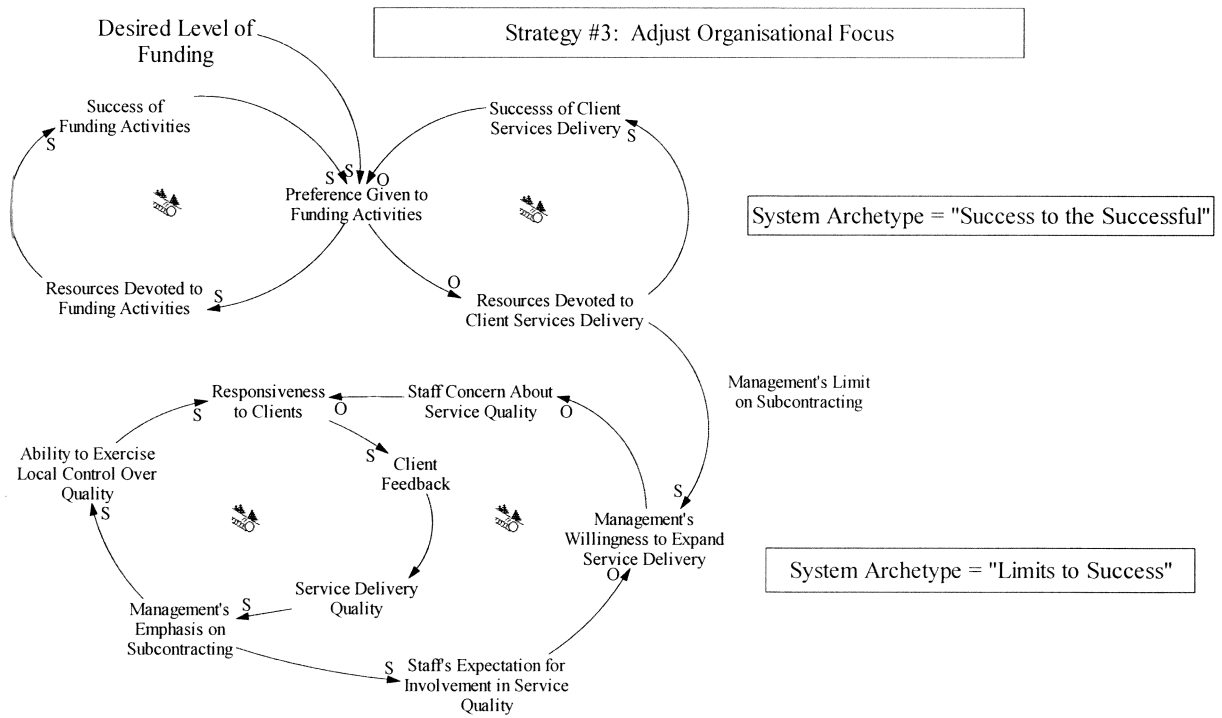
#### **4.3.3 Theme #3: Adjusting organisational focus**

The coding process generated a third theme that coalesced around the issue of closing funding gaps. By adjusting organisational focus, the dynamic tension between two sometimes competing energies in the organisation is displayed (see Figure 6). Competition in this field (uniformly described as intense by the respondents) is a type of social Darwinian selector that favors larger NGOs with more professional staffs who have an intense drive to acquire funding—competition only partly offset by government's intentional seeding of the field with grants to a diverse range of NGOs.

Although there is no fundamental reason an NGO cannot achieve a more balanced outcome, NGOs over time can be pushed onto a track of either offering high quality client

Figure 6

Conceptual Framework/Systems Diagram (Theme #3 View) using Vensim



services or evolving to become highly efficient in acquiring funding. In part, this is a response to a natural impulse to hire and maintain larger and more dedicated staffs around the money-raising side of the organisation, because more professional staffs are able to fill out grant applications more efficiently, complete more and a wider range of applications, and are able to handle the increased number of reporting/compliance mechanisms that successful grant awards bring.

#### **4.3.3.1 System behaviour**

In Figure 6, we can visualize these dual pressures under the systems archetype “Success to the Successful,” which was encountered before when competing programs within an NGO were examined. If we think of the funding side of the organisation and the client services delivery side of the organisation in competition for resources, it then becomes possible to imagine scenarios where NGOs are pushed by their own success in one of these areas to further increase specialization in this area. Indeed, there are examples in the field of certain “umbrella” NGOs who occupy the top of a collective pyramid and who choose to outsource the actual service delivery to other organisations in this structure.

Because of the systems archetype of “Limits to Success,” a very successful (fund-acquiring) NGO might have trouble maintaining excellence in both the money-raising and service delivery operations over the long-term. Its fear of competitors is reduced somewhat by its success in fundraising. This reduced fear can lead to its subcontracting service delivery (or acting as the top of the pyramid to a cluster of sub-NGOs). These growing actions to subcontract out services initially lead to success, which encourages even more of



those efforts. Over time, however, the reinforcing process of expanding services by subcontractors “will encounter a balancing process as the limit of that system is approached” (Anderson and Johnson, 1997: 124). As the NGO approaches the system limits, its efforts generate only “diminishing returns” (Anderson and Johnson, 1997: 124). Here, the limits would be the NGO’s inability to control the quality service levels of its subcontracting agents over time and its own sense of mission drift—i.e., the staff perception that an NGO set up to help people is now primarily a fundraising organisation that offers decreasing amounts of direct client services. This system behaviour can lead to a reinforcement of the decision to specialize in one or the other area of operations.

#### **4.3.3.2 Thematic Summary**

The emergent theme of adjusting organisational focus speaks to the strategic choice faced by all NGOs in their selection of internal operational focus. Should an NGO concentrate on acquiring funding or on servicing clients? Is there a chance that a balanced outcome can be achieved, or does an imbalance simply serve as an evolutionary tool leading to organisational specialization?

#### **4.3.4 Theme #4: Cost cutting**

The coding process generated a fourth theme that coalesced around the issue of closing funding gaps, namely, that of cutting costs which was a highly sensitive issue to most

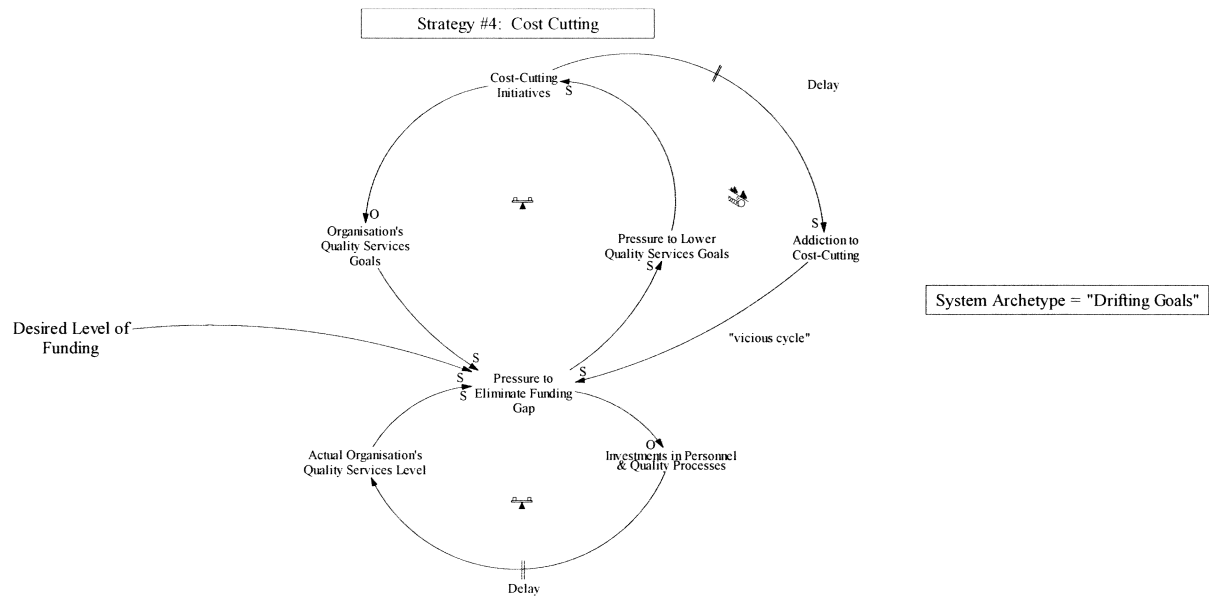
of the respondents surveyed. According to the consensus of the study respondents, cost cutting activities usually target an NGO's programmatic offerings last. Everything else, including staff, back office technology, infrastructure, etc. is targeted first (see section 4.1.2). This strategy is replete with short and long-term consequences for the organisation. For example, by selectively cutting the funding or support side of the organisation, an NGO might quickly find itself unable to continue its existing programs or maintain its funding levels (due to loss of experienced funding personnel).

#### **4.3.4.1 System behaviour**

In Figure 7, the gap in the Desired Level of Funding starts to interact with the organisation's quality service goals (goals that operate across its entire range of programs). The gap in funding can quickly cause a gap in an NGO's desired performance level and its current level of performance. The NGO can respond to this gap between its goal and actual performance by either "taking corrective action to achieve the goal, or by lowering the goal" (Anderson and Johnson, 1997: 123). If the funding gap is persistent and prevents the NGO from taking corrective action to achieve its quality service goals, this archetype suggests an inevitable lowering of its quality goal. This gradual lowering of the goal over time can also cause the entire organisation's performance level to "drift" downward. As Anderson (2009) points out: "This drift may happen so gradually, even without deliberate action, that the organization is not even aware of its impact" (60).

Figure 7

Conceptual Framework/Systems Diagram (Theme #4 View) using Vensim



As explained by the survey respondents, if an NGO chooses cost cutting as its main strategy to close funding gaps, then it can expect a gradual degradation of quality services since maintaining high quality service delivery requires such a large investment in both personnel training and quality process development. There would also appear to be a link between an NGO's quality of service delivery to staff morale and retention, client feedback, and organisational reputation. Serious degradation in services over time would likely reinforce the funding gap leading to another potential vicious cycle and a downward spiral.

*Vicious Cycle: NGOs that get addicted to cost-cutting as a way to close funding gaps are subject to a gradual lowering of quality standards which in turn has an adverse impact on their organisation's reputation and ability to raise funds.*

If the funding gap can be successfully addressed, this archetype holds out the hope that a situation could develop where goals and standards continually improve—however, more study is needed to determine just how successful NGOs that become addicted to cost-cutting are in reversing course.

#### **4.3.4.2 Thematic Summary**

The emergent theme of cost cutting to make up funding shortfalls probes the strategic track that many NGOs take by necessity. However, NGOs might not be aware of the archetypal traps that can await them if this strategy is employed. It would appear that an NGO in a cost cutting cycle could see its service quality erode which in turn affects its organisational reputation and its ability to raise additional funds.

## 4.4 Outliers

Following Meyrick's (2006) suggestion, deviant or negative case analysis was undertaken, in part to explore those subjects' "experiences or viewpoints [that] differ from the main body of evidence" (Hsuing, 2010; para. 1). Unfortunately, low respondent feedback on the general breakdown of findings derived from the second section of analysis leaves the conceptual model in need of further exposition to a new future sample. On the twenty points raised in the first section of analysis, there was general (but not uniform) agreement from within their collective dialogue on each of the major points with the notable exception of the respondents from NGO C on certain issues. As stated before, NGO C was the only NGO in the sample that did not have an ABS classification of Social Services. Rather, it fell under the ABS heading of Law, Advocacy and Politics as it is a peak body and as such does not interact with clients from the general public. It was also the physically smallest in terms of staff (with the CEO being the only full-time person). It applies for a small number (10 in 2013) of public sector grants and each of their grants has a single fulfilment agency to which they have to report. Their other government paperwork is also much less in comparison to the social services NGOs as the grants officer there explained:

We are a peak body, so the sorts of things that we are getting our money for are slightly different and, you know, the compliance and those sorts of elements of the grant are slightly less for us. And recently when we had our quality audit from the Commonwealth government on the grant program that we get from them, it was principally about our government's arrangements and two whole sections of the compliance standards we didn't have to, to meet. So, I think that might be where some of the difference is coming in.

Given their more limited interactions with government across the spectrum of the grants process, it was not surprising to note slightly different responses to issues of

complexity (see section 4.1.4). This NGO sees such complexity (whatever the level) more along the lines as the cost of doing business, whereas other respondents were much quicker to talk more about the burdensome aspects of complexity in the grants system. As Riessman (1993, 23) points out, “A transcription is already an interpretation.” Also, by using the respondents’ source material to shape our metaphorical conceptions, “as investigators we, in turn, interpret their interpretations” (Andrews, *et al.*, 2008: 154). Adhering to these warnings, the researcher suggests that more nuanced questions around these two sides of the complexity coin should be developed in future research. Also, the researcher suggests more variety in NGO classifications and in the number of grants received per year per organisation in future sampling efforts.

In addition to that particular case, other areas where the perceptions of the respondents is not uniform is in the area of competition (see especially point #6 in section 4.1.3 which delves into government enforced joint tendering, alliances, etc.). Since joint tendering is relatively new to the NGO domain in Tasmania (and at the Commonwealth level) and several of the respondents were in the process of their first major experiments with these new arrangements, there was considerable ambivalence expressed (sometimes in the same transcribed paragraph) about the efficacy and efficiency of such arrangements. For example, this grant officer speaks of joint tendering as improving the business of everyone involved yet leaves the impression that this approach is still very much an involuntary effort:

NGO B’s Grant Officer: I guess like with the two, the two programs I’ve just been talking about we didn’t have a choice, you know. The government is like, you can do this collaboratively or, you know, out the door, so you know, it’s improving everyone’s business, it’s not just improving our competitors, you know. It’s a bit of a, you know,...It’s not that simple, you know. Sure if we can get \$2 million by ourselves

NGO B's Grant Officer (cont.): we'd rather have it ourselves but, you know, if we can't get it by ourselves and we have to collaborate, we'll collaborate, you know.

The researcher makes note of this and suggests that the life cycle of these types of government initiatives be explored in greater detail in future queries to tease out in part if any long-term collaborative efforts are generated from them.

Finally, the researcher was surprised to encounter the great difficulty in securing historical data about the grants process in this sample of NGOs. This is in part due to past record-keeping efforts being concentrated in paper files, with such files potentially dispersed throughout the organisation. A greater confounding factor which presented itself was staff turnover. Almost everyone interviewed occupied their position for less than five years. The grants officers in particular could provide very little historical perspective on the grants process in their organisations. Furthermore, according to a majority of the respondent's accounts, there is also a corresponding high rate of turnover in the government departments dealing with grants (potentially leaving few subjects with a long oral historical record about the grants process). One grant officer put it thusly:

NGO D's Grant Officer: ...and I've had the experience of working on the inside. The amount of turnover that public servants and people moving around and, you know, where I worked I, the Commonwealth department, saw an entire unit change in personnel over the course of six months. So you are dealing with people who have no background, subject matter expertise. They've got no idea. They are bureaucrats, they know how government works, but they don't know anything about what you are doing. And that's phenomenally difficult to manage. You are, essentially you are training up, you know, and there is advantage in that. If you've got the scope to do it, you can actually, you know. But, yes, it's just, that's, that's ridiculous. Surely you can manage that thing better and keep some personnel and just lose a few, but yes. So, you know, there are some government departments where the culture is, you cannot be in a position for longer than three years and then you get

NGO D's Grant Officer (cont.): tapped on the shoulder and moved elsewhere. Yes, and once that's the case, it makes it really difficult because you get no longevity. So.

Another factor which came into play was the issue of data privacy. Future research should explore how such historical evidence (which could be a prime area for demonstrating increasing complexity in the grants systems) could be ethically obtained within a reasonable timeframe.

## **4.5 Conclusion**

The thematic analysis undertaken in this chapter allowed the researcher to explore some organisational strategic pursuits that were understood and commonly used by the respondents. This analysis fleshed out the conceptual framework posited by the researcher to a degree that the researcher is now confident that the framework is now contextually rich enough to offer several insights into the public sector grants process and to indicate directions for further research and refinements. Analysis was not stopped at this current level because “the constant comparison of incidents in the data to elicit the properties and dimensions of each category or code” reached some sort of theoretical “saturation” of categories à la grounded theory (Evans, 2013: 41). Additional literature review and sampling of other actors in the public grants system could keep the search for new categories an ongoing process for many more years. As Mathison (2012: 169) points out however:



Within the time and resource constraints of a PhD study however, limitless literature sampling means that new data may continue to emerge well beyond a reasonable timeframe (cf. Dey, 1999; Partington, 2002; Thomson, 2007). Dey's alternative measure of 'theoretical sufficiency' (1999: 257) responds to this potential difficulty by suggesting that sampling cease when data that is sufficient to theory or theoretical construct development is obtained. Supported by Seidman (2006), the concept of sufficiency addresses, in part, Glaser's (1992) concern that the process of coding may result in data being 'forced' into categories to achieve saturation, while still providing some boundaries in terms of time and resources. Following Jeon (2004) and Rice and Ezzy (1999), theoretical saturation was considered to be more closely related to the quality of the data obtained rather than the frequency and total volume of the data.

This sufficiency approach mirrors the researcher's "strategic choice" on when to stop studying a case's complexities, as put forth by Stake (1994): "Not everything about the case can be understood—how much needs to be? Each researcher will make up his or her own mind." (238). Thus, in this spirit of "theoretical sufficiency," case analysis can now turn to other matters as the current conceptual framework is now demonstrably sufficient to raise a number of issues with the identified actors on the public grants system stage. It can also be used to refine the research questions to move forward with follow-up research endeavours, some of which will be discussed in Chapter Six. It also favours the researcher with some preliminary insights into the wider question of well-being which will be explored in the next chapter.

## **CHAPTER 5**

### **Discussion**

#### **5.0 Introduction**

A thorough review of the emergent themes combined with elements from the literature review allowed for the extension of the theoretical framework of the public sector grants system into the conceptual framework focusing on NGO operations that was considered in Chapter Four. This framework helped illustrate commonly recognized systems behaviours such as “gaming” and relationship building amongst stakeholders, as well as certain responses to funding shortfalls which emerged as a loci of concern for the survey participants. Their responses were shown to potentially follow certain system behavioural patterns, or archetypes, that can be postulated as endemic to this system’s conceptual foundation. Figures 3 through 7 created by the author visually try to capture these behavioural patterns so that insights into the grants system can be more easily garnered by examining the linkages between the various issues system actors face and their subsequent likely responses. The initial research questions can now be re-examined in light of these insights.

It is not suggested that these survey findings are generalizable, however their “uniqueness” might indicate how these findings could “extend” to other cases (Stake, 1994: 238). This perspective will also be used to frame follow-up research endeavours.

## 5.1 Discussion of findings in relation to research question one

*Research Question One: Are there any system archetypes noticeable in the public sector grants system?*

Based on the conceptual framework, five system archetypes presented themselves as a result of analysis. In the archetype called Shifting the Burden—Addiction, it was suggested that the “easiest” way to make up a funding shortfall is to apply for additional grants. This dependence of public sector grants can blind an organisation to other funding opportunities and inhibit the building of organisational capacity to search out funds from other sectors.

In the archetype called Escalation, Government and NGOs can get locked into a cold war of complementary fears. Government fears centre around the negative publicity effects of poor grant award decisions, thus government is constantly trying to minimize this risk by requiring ever more complex reporting compliance from NGOs. NGOs, seeing only an increasing arc of burdensome paperwork requirements and a shrinking pool of funding, also have the potential to respond fearfully by viewing fellow NGOs as natural competitors and competition in this zero-sum arena as a standing barrier to alliances and to the sharing of data amongst fellow NGOs. Furthermore, natural “push back” behaviour against system requirements can result in gaming the system as Liddell William’s reference to an issue raised by Liz Plummer of Saving Animals From Euthanasia illustrates:

Almost every grant we apply for wants to fund a ‘project’. We battle every day just to carry out our core business and to keep volunteers to enable us to do this. Other Grants will not fund everyday running costs. We are getting better at creativity with respect to how our huge vet account can become a ‘project’ (Williams, 2009: para. 19).

Government recognizes this gaming behaviour and further tightens its requirements and the cycle carries on.

In the third archetype, Success to the Successful, NGOs are hampered by not knowing which of their current or developing projects will be “grant worthy”. If a project suddenly becomes grant-worthy, then it has the potential to drain resources away from other (even long-standing successful) projects. In large measure, project success would seem to be determined by the acquisition of grant funding not on objective standards of project efficiency or effectiveness or by measures of social outcomes.

Under the fourth archetype of Drifting Goals, another side effect of grant dependency appears. This is a “drifting away” from target clients to grant-worthy clients as target groups specified by grant specifications rather than the organisational mission are focused on. Also covered by this archetype, cost cutting measures meant to preserve existing programs can cause an organisational drift to lower quality service standards over time as the resources needed to maintain high quality standards start to evaporate.

Under the fifth archetype, Limits to Success, there is a natural tension inherent in the system design which posits competing elements within an NGO that push it to specialize either in raising funds or in delivering high quality services. Although there is no fundamental reason an NGO cannot strike a balance between the two, it is obvious that some NGOs do get channelled into one end of the spectrum or another. Because of the competing skill sets involved in both types of operations, some NGOs evolve into specialist fundraisers, while others try to focus mainly on service delivery. Those that attempt a middle way and perhaps try to outsource service delivery are in danger that they might meet with initial

success but in giving up control of its quality service levels to its subcontracted agents, over time initial success could give way to decreasing service quality levels. Concomitant with those actions, the ripple effects of reducing the importance of direct service delivery could be reflected in other organisational areas such as morale, retention, recruitment, etc. which in turn could affect the organisation's reputation and ability to raise funds. The presence of these five systems archetypes embedded in the public grants systems design immediately gives rise to a plethora of follow-up questions.

First, one could focus on the archetypes themselves. We can start by assuming that the “pressure point” of funding gaps will most likely always be a part of the system. Supporting that assumption, a recent Grant Thornton Not for Profit survey (2013) covering Australia and New Zealand found that funding is “the most significant challenge” facing nonprofits:

A significant number could not plan more than 12 months ahead based on their current funding, and it was clear that many would not survive for more than six months if their current funding was not renewed (4).

Given this assumption on continued funding shortfalls, how should the system archetypes be addressed? If the archetype Addiction is a “natural” feature arising from grants systems, is there a more “healthy” mix of funding sources that each NGO should strive for? Does the systems archetype Addiction exhibit any parallels to a physical addiction, perhaps in the sense that they both become more fixed over time? To deal with an Escalation archetype, should NGOs found to be gaming the system be censored in some way, or will penalties simply encourage more elaborate gaming behaviour? Should alliances and joint tenders amongst sector actors be encouraged or mandated? Given the ongoing competitive, zero sum nature of grant applications, would such alliances truly foster meaningful data exchange?

Lower transaction costs between Government and the sector? Amongst sector actors?

Should successful fundraising NGOs be allowed to gather a cluster of non-affiliated NGOs under their domain for purposes of grant applications? In dealing with the archetype, Success to the Successful, should grants be made less program oriented and more open-ended, thereby allowing more freedom to the NGOs to use the money as they see fit? Will staff training and infrastructure concerns ever be allowable grant expenditures? Should community outcomes be an explicit factor in grant awards? Under Limits to Success, one could ask whether there is a natural NGO life cycle. If so, is a focus on service quality for a particular client base truly sustainable over time? To deal with Drifting Goals, what aid can or should be given to NGOs which need to resort to cost cutting as a strategy? What guidance should be given to NGOs which seek to outsource their service delivery? How can the vicious cycles aided by these archetypes be broken? By illustrating the patterned behaviours and perceptions of the key stakeholders in the grants system, can their behaviour be changed by explicitly telling stakeholders how they are likely to think and behave? Can illuminating the Systems Archetypes to the stakeholders allow them to focus on longer term solutions thereby potentially bypassing these cycles? Or does the presence of the vicious cycles indicate a need for a more radical change or redesign of the system?

Second, another important area of inquiry would be any inherent biases in the current system. While the “burdensome” nature of grant paperwork has to some extent been researched (see for example the study conducted by McGregor-Lowndes and Ryan (2009) which found that “government grant paperwork forms the bulk of a nonprofits total paperwork burden with grant submissions being the most costly to complete” (21)), one could also ask whether Government at each of its levels as a matter of policy tries to arrange for an

“optimum” (in terms of number and category) set of NGOs for its particular level—or is Government more interested in NGO diversity (e.g., mission, client base, size, and scope of operations)? Is Government neutral on such issues as a matter of policy but biased in practice? For example, when dealing with larger grant awards, does the grants system naturally favour larger NGOs who have the professional staff to produce high quality grant proposals? Does the grants system naturally favour NGOs with longer track records and/or records of past involvement with the grant-awarding Government agency? Large nonprofits and charities in Australia with incomes over one million dollars must have their financials audited, medium sized nonprofit financials are “reviewed,” while smaller organisations merely have basic financial data recorded (Dingle and Green, 2014). Does the government have an innate distrust for smaller, less regulated organisations? Or perhaps they are worried about their basic decision making behaviour (see for example Emery, 2008; Stone *et al.*, 1999; Tucker *et al.*, 2005)? Such questions regarding the relationship between organisational size and nonprofit success might be especially timely given the evolution of such organisations according to Keast, *et al.* (2012: para. 10):

Conventionally, NFP organisations have been mostly small in size and largely operate from a voluntary ethos. In recent times, however, as a result of the policy changes which call for more business-like operating models, the social services sector has become increasingly populated by a set of larger NGOs, which are run as businesses (Lyons, 2001: Ryan 1999). These larger organisations are able to draw on a wider pool of resources and capabilities than smaller organisations and are brought into the mix because of their significant capacity.

The Australian Centre for Philanthropy and Nonprofit Studies report, *How long is a piece of red tape? The paperwork reporting cost of government grants*, measured the difference in paperwork compliance costs for small and large nonprofits:

The average cost of compliance for small organisations was 2.76% of revenue, compared with large organisations at 0.36% of revenue—that is, 7.6 times greater for small organisations. This finding is consistent with what other researchers have found in small business, both in Australia and elsewhere (Ryan, *et al.*, 2008: i).

This report went on to explain that smaller organisations have higher compliance costs because paperwork was being done by higher level (and higher paid) organisational members:

One reason for the greater costs of compliance in small organisations relates to who did the work. In small organisations the CEO or manager (on a higher hourly rate) did more of the compliance work (31%, compared with 11% in large organisations). In larger organisations, where division of work was more specialised, much of the compliance was done by the finance manager (47%, compared with 25% in small organisations) with a lower hourly rate (Ryan, *et al.*, 2008: i-ii).

If there is an inherent bias due to size, would the nonprofit sector benefit from a mechanism to level the grant application submission ground (e.g., Government or third party staff helping prepare grants for less capable NGOs)? If biases do exist, what are the ultimate effects on the grants system as a whole?

Third, one could adopt a more micro-level focus and investigate typical staff reactions to system features. How does staff within Government and NGOs adapt to the current system design perhaps to the detriment of overall system health? For example, do staff at “average” NGOs naturally try to migrate to more successful fundraising NGOs in order to obtain more secure employment? Do staff at NGOs instinctively desire to be associated with public sector grants funded programs knowing that these programs have a set lifespan and thus offer some job security? Are Government staff employed in the grants area indifferent to grant funded programmatic outcomes because their career paths in this domain are relatively short and not rewarded by such measures? What effects, if any, does the cross-over in personnel between Government and NGOs have on the grants system? For example, are former Government



staff who were previously employed in the grants area especially valued and targeted by recruiters for NGOs given their knowledge of the inner workings of the public sector grants processes? How tightly or loosely coupled are the relationships between key personnel amongst NGOs and Government and how do these relationships affect the grants system overall?

Fourth, one could focus on more macro-level concerns such as what role should competition and cooperation amongst NGOs play in the system? Are cooperative grant applications amongst multiple NGOs across a community, region, state, etc., a more viable approach (e.g., the Safer, Stronger Community focus in Australia) than individual organisation applications? Is it desirable to get additional stakeholders (e.g., private citizens, community groups, scholars, etc.) involved in the programmatic activities of NGOs?

Fifth, one could investigate the actual results rather than the by-products of a grants system. Is there a better way to assess the aggregate effect of multiple programs from multiple NGOs on a community over time? Should government implementation managers be used to assess the community impact of each grant? Of grants focused on a client base? On a region? Should the implementation data be fed back to the NGOs and general public? What is the political cost of grants that “fail” to meet hoped-for objectives? How are best practices in the sector recorded and used? If the major strength of NGOs is their ability to utilize knowledge that is “local, contextual, and sticky,” (McKelvey *et al.*, 1998: 83), how is this localness of knowledge further leveraged by sector actors? Finally, is institutional memory more important to certain stakeholders in this system than to others?

## 5.2 Discussion of findings in relation to research question two

*Research Question Two: Is the complexity of the public sector grants system increasing, and if so, why?*

According to Richardson (2005), while there is no universal measure of complexity, complexity can be said to increase “with the number of distinct components, the number of connections between them, complexities of the components, and the complexities of the connections” (49). Starting from this position, there are many interrelated issues which can now be teased out and developed further from this initial research question on complexity in the grants system. In the course of the study, complexity was left as an intentionally vague term to see what concepts the survey participants would raise. It was conceived however as a category distinct from the concept of “difficulty” in concert with the practice of past researchers (see for example Bloom’s Taxonomy of six levels of complexity in learning (1984)). As such, the researcher was exposed to various levels of perceived complexity in terms of “time, space, and interactions” (Miller and Page, 2007: 234).

**System Complexity.** In essence, this dimension of complexity is asking whether the overall system has been growing. It can be approached initially by a two-part inquiry:

1) What is the growth in each sector involved in the grants process?, and 2) Is this growth making it easier or harder for the system to function? Since “one of the greatest pressures on funding is the sheer number of Not for Profit organisations in Australasia competing for a limited pool of money” (Grant Thornton, 2013: 4), it would be interesting to research how the Tasmanian grants system has grown over time. This would involve a historical analysis of the number of system elements involved as well as growth within each stakeholder category.

For example, how many government departments initially handled grant offerings? With how much staff per department? How many government reporting systems were there? On what technology platforms did these reporting systems rely on? How many NGOs were initially awarded public sector grants? What were the reasons given for the initial (and subsequent) grant offerings? How has the pool of NGOs awarded grants grown over the years? How have NGO grant applications evolved over time—e.g., what alliance or joint tendering structures have been used to apply for grants?

Also of interest are the questions of whether there is a unique Tasmanian NGO life cycle or whether the pattern in Tasmania fits a broader organisational life cycle pattern. Questions in this area could include: How many NGOs (in each ABS category) are created each year? How many merge with other NGOs? How many cease to exist? What were the causes for NGO dissipation? This analysis can also be done on the dimension of social issues. Which social issues were addressed by the initial set of NGOs? How has the social issue coverage evolved over time? Taking a cue from Page (2011), we can also focus the systems complexity analysis on the issue of diversity and its multiple measures because systems with too much diversity “may well produce either chaos or randomness” (253). Here, the researcher would have to explicitly state the taxonomy to be used, but NGO number, size, and ABS category in addition to the number, size, and location of funding sources are ready made for such exploration of diversity in the grants system.

**Organisational Complexity.** Exploring this dimension of complexity in a micro-approach manner is one way to determine how the network of relationships within a grant-applying organisation has grown directly as a result of grant activities and to ask whether this growth is beneficial or detrimental to the organisation and its mission. For example, in a

small start-up NGO, a network of  $N=1$  persons might be responsible for the entire grants process whereas in a larger, more evolved NGO, a network analysis could point to a vast network of exchanges necessary to perform grant activity. Also of interest would be the number and type of data retrieval/processing “permissions” or checkpoints that have to be passed as the organisation’s management and processes evolve and professionalize over time. Naturally, this analysis could be extended to an inter-organisational perspective since larger, more national-oriented NGOs usually must confer with outside entities (such as large accounting and tax preparation firms) to complete their grant activities. In addition to the mapping by grant activity, this mapping can also be divided into the connections needed by each organisational position (e.g., various executive level, legal services, budget & finance personnel, grant staff, accounting, reporting, & taxation personnel, program personnel, information technology personnel, etc.) encountered, or by stage of the grants process (e.g., environmental scanning, application, notice, award management, acquittal). Further extensions of this analysis could see this mapping aid in the development of a transactional complexity cost measure (see Transactional Complexity below). Also, this analysis could form part of a larger life cycle analysis of representative Tasmanian NGOs under the assumption that this mapping would become denser and more diverse as the organisation evolves over time (and presumably grows in both scale and scope of operations) and more connections are needed.

Another more macro-approach would be to look at the evolving collection of grant-funded organisations as a “network” of agencies unto itself in order to determine this network’s overall efficiency. What is the network’s rate of growth? What is the dropout rate in the early part of the network’s formation? In its more mature life cycle stage? As Provan

and Milward (2001) point out, there is no magic number of individual organisations in a successful network:

While there is no theoretical upper limit to the number of agencies that can be part of a network, after surpassing a certain size, any network will become less effective because of increasing coordination costs.... (418).

Rather than absolute numbers, Provan and Milward (2001) point us to the possible use of effectiveness measures more centred on assessing the range of services offered, how often clients must access services outside the network, duplication of service efforts, which services are actually needed, and the “strength of the relationships between and among network members” (418).

**Task Complexity.** As an offshoot of organizational complexity, task complexity of grant activities can be studied in greater depth. Whereas organisational complexity lies mostly in the interconnections needed to perform a task involving grant activities, task complexity breaks down each task into its component levels of difficulty. At each stage of the grants process, internal agents in NGOs must gather, collate, organize, display, communicate, seek approval for, edit, and distribute information. This information comes from a variety of people sources such as other organisational members (as indicated by intra-organisational complexity) or outside sources (as indicated by inter-organisational complexity—the requiring of aid from experts, consultants, government assistance, etc.) or from a combination of such sources (e.g., through meetings, brainstorming sessions, consultations, etc.), as well as from internal (e.g., prior grant applications, organisational documents, archived materials, etc.) or external (e.g., government reports, sector reports, media, etc.) documentary sources. Task complexity is made up of both subjective and

objective components (with a high level of correlation between subjective task complexity and objective task complexity according to Nadolski *et al.* (2005, 4)). Other sources of difficulty in defining task complexity lie in the task duration, the subject expertise required for each task, and the frequency of similar tasks (Byström, 1999: 98), as well as the education, experience and ambition level of the agent (Byström, 1999: 48). For each task, the category of cognitive difficulty inherent in the task can also be analysed as more complex tasks require higher levels of “understanding, sense-making and problem formulation” (Byström and Järvelin, 1995: 30). According to Byström and Järvelin (1995: 30), this type of task complexity analysis lends itself quite well to qualitative process-oriented diary research:

The process analysis method developed for diary data analysis allows examination of relationships between task complexity, the types of information needed, the number and types of sources and channels considered and used, as well as reasons, successfulness and effects of their use. The analyses can be done at the level of individual tasks which is necessary if the effects of task complexity on information seeking are to be identified. The analyses can also be refined on the basis of worker and situation -related factors (30).

One of Byström and Järvelin’s (1995: 29) conclusions is that, “As task complexity increases, so the complexity of information needed increases.” However, it still remains to be determined what the relationship is between micro-level task complexity and wider system-level task complexity in fulfilment of grant activities.

**Transactional Complexity.** Another way to proceed is to use the task complexity analysis outlined above to determine the information required for each task, and then add a cost function for each piece of information gathered (Edmonds, 1999: 72). This analysis could be applied for both human and machine-based information processing tasks related to

grant activities. Edmonds (1999) holds that complexity (at least computational complexity) and processing time are related:

It is hard to imagine a difficult task that can be done without some time spent on it, either in execution or preparation. Thus the complexity of a task can come to be associated with the amount of processing time it requires (47).

Thus, future researchers could try to combine the information retrieval and processing times of individual task activities related to grants to formulate an aggregate measure of transaction costs. Or by extension, it might be possible to extrapolate a systems measure of transactional complexity on a cost basis if a researcher wished to know what the cost consequences are for a system for a particular change in grant data requirements.

**Network Complexity.** Similar to the mapping suggested for determining organisational complexity, in this complexity category the data itself (rather than the human handlers) is the main item of interest. In this case, the data can take the form of simple queries to Government agencies, requests for computations or fact-checking from external experts like accounting firms, or partial or complete internally generated data packets related to grant applications, monitoring, or acquittals. How the data is gathered (presumably in pieces from multiple, disparate sources and reassembled into a recognizable whole) and its travel path would provide insights on two fronts. First, this would help to answer questions along the lines of: How many (and how often are they needed) internal and external data elements need to be utilized to complete the grants process? Second, this would help address issues related to reporting to multiple government agencies under multiple reporting systems by following the data to networks external to the NGO (i.e., primarily government systems but also other external subsystems can be included). The data can be traced and mapped as it

moves to and fro from organisational subsystems to the government subsystems and back again. Combined with the other types of complexity analysis previously mentioned, the researcher with this approach might be just that bit closer to the answer of just what (human and data) resources are needed to complete the grants process and what is the overall transactional cost of that endeavour.

**Competitive Complexity.** Looking at this complexity area, the researcher might start to ask questions along the following lines: How has the grant pool of money grown over time? What is the relationship between the size of grant awards and other environmental factors like overall economic conditions? Does the number and type of NGOs in the environment affect the level of the grant pool? How do organisations view their relationship to one another in a zero-sum funding environment? It is on this plane of analysis that the researcher is trying to assess both how competitive the field has become and how complex the relationships amongst the organisations in the field have become. It is suggested that a taxonomic itinerary of competitive versus cooperative behaviours be enumerated by the researcher and the system scanned for the prevalence of such behaviours. Additional questions could include: Do organisations (and peak bodies) reward inter-organisation cooperation and collaboration? What would be the “natural” rate of collaboration in the system if the current model of funding and regulatory restrictions were altered to emphasize other points along the competition/collaboration spectrum?

**Environmental (Public Policy) Complexity.** This is potentially another large research area which could be mined for its value in demonstrating complexity in the grants system. How does a stakeholder like Media which has the tendency to highlight (in a single factorial way) specific problem areas in public policy affect the overall health (a multi-



factorial analysis) of the system? Or, to put it another way, does highlighting past deficiencies in a certain part of an overarching public policy build pressure to eliminate such deficiencies?—if so, does this selective pressure in general help the system (by creating the impetus to move needed resources to a problem area) or harm the system (by reducing resources for other social programs which might have an even greater need)? Additional resources set aside for a particular social issue instead might increase the number of clients served in the short run by those organisations setup to do so, but in the long run might also dilute those very services (Lipsky, 2010: 200). Does Government use complexity “tools” (e.g., registration and auditing, regulations, compliance mechanisms for grant awards, etc.) either as a conscious or backdoor method to control the number and types of organisations in the pool of nonprofit organisations? How much of public policy relating to specific issues and programs is affected by each of the stakeholders? Does their relative influence change over time, and if so, why?

**Model and Behavioural Complexity.** Edmonds (1999) holds that in dealing with models of complexity, we are actually talking about two different models. The first model illustrates the system elements and their interactions, while the second model shows “the resultant overall behaviour” of the system (Edmonds, 1999: 72). Future researchers will need to take note of the first case when trying to trace complexity throughout their models:

If a framework is agreed upon then the complexity of something can be objectively determined by different observers with respect to this framework. So once this framework is established complexity judgements can be consistently made irrespective if [sic] who is doing it as long as they keep within the rules that the framework entails. This is not so different from many other ‘objective’ judgements and facts (Edmonds, 1999: 52).

In the second case, when asking whether any grants system under study becomes more complex over time, the researcher will need to closely examine emergent behaviour from the system actors:

In a world of thoughtful, interacting agents, complexity might emerge as those agents begin to ‘game’ the system and, eventually, each other. There may be inherent forces in systems that drive out predictability....In these types of systems, the actions of the agents result in the destruction of the regularity, and an increase in complexity (Miller and Page, 2007: 236).

In this study, the survey participants shared their nearly uniform expression of agreement that complexity is increasing across multiple dimensions. From the perspective of the respondents, system, organisational, transactional, and network complexity specifically have significantly increased during their tenures. As part of a future research agenda, propositions can be developed for each of the levels of complexity listed above to test whether that perception of increasing complexity is more widespread amongst a more diverse set of stakeholders in the system (hopefully not lost in that analysis would be the clients’ perspective on obtaining necessary goods and services through each stakeholder in the grants system—and also through the wider public policy system taking into account the participation of other sectors). For more on this discussion point, see section 5.6.

### **5.3 Extending the analysis to include the concept of “well-being”**

As the researcher indicated in section 3.2, the grants system can provide insights into the wider issue of social “well-being” which can now be looked at. This exploration might in

turn provide some insights into new schemas and structures that could one day supplement or even overtake the current grants system.

There is a considerable body of work comprising research efforts into the subject of individual and social well-being (see for example Diener, 2000; Kahneman *et al.*, 1999; Myers, 1992). However, well-being as a function of resource allocation is not a very well-codified phenomenon because allocations can take place under the auspices of a variety of social and ethical principles with differing results. For example, health care services might be allocated based on some combination of the following principles: “justice, beneficence, non-maleficence, utility and autonomy” (Calman, 1994: 72). Although fields like health care and education have led the way in the evaluation of the allocation of scarce resources, “western governments of all political persuasions” (Smith *et al.*, 2012: para. 1) have encountered an ever-changing landscape of evaluative criteria which can include cost-benefit analysis, effectiveness, efficiency, equity, evidence-based reasoning, marginal analysis, multi-criteria decision analysis, objectives, program budgeting, and stakeholder satisfaction to name just a few approaches (Smith *et al.*, 2012). For the individual, their objective and subjective sense of well-being may largely depend not only on the distributive equity of the systems in place in their society but also on the efficacy of that distribution and ultimately the quality of the services that distribution allows.

For purposes of this study, let us focus on two areas of research into well-being that are particularly deficient—namely, individual-oriented [Note: The individual in this case is a member of a social system and therefore a consumer of system-based resources.] measures and more macro, systems level evaluation measures of allocational efficacy. Measures have

been developed for organisations (even large organisations like Governments, for departments, and for individual programs within organisations) but measures at either ends of the spectrum are more lacking. Let us first review some basic assumptions.

1. Money is always a zero-sum game (Glouberman and Zimmerman, 2002: 21), and money taken from one area of social services always means less for some other part (Glouberman and Zimmerman, 2002: 11).
2. Public policy is merely a name for a set of interacting complex subsystems which have the common goal of allocating goods and services to the general public. Public policy itself is a subsystem of a wider national cultural system and is embedded in a dynamic environment consisting of numerous sectors and agents within each sector (Meek, 2010).
3. The objectives of public policy at its highest level of conception are always difficult to elucidate because they are “multiple, conflicting and vague” (Pressman and Wildvasky, 1984: 193). Resource allocation therefore is “an exercise in the management of uncertainty” (Calman, 1994: 73).
4. Complex problems (of which optimal allocations across these numerous subsystems is one) lend themselves more to holism and synthesis rather than to reductionism and analysis (Glouberman and Zimmerman, 2002: 10).
5. Links between funding levels and policy (and process, and program) evaluation have been evolving over several decades but still remain exploratory (Smith *et al.*, 2012). Multiple metrics operating under a variety of social and ethical principles are available for policy evaluators at all organisational levels.
6. All social systems generate inequalities.
7. Social inequalities are growing in Australia (Douglas *et al.*, 2014).

To make this exploration of well-being more accessible, let us first take an individual-within-a-system-based approach to evaluation. Let us put ourselves in the shoes of a Tasmanian citizen who is in need of help.

Let us suppose our hypothetical Tasmanian is much like the young person mentioned in the Introduction to this study who is disadvantaged in multiple areas—in this case, in the areas of education, housing, mental health, and employment. Let us also suppose that this person is a young woman who eagerly wants to improve her situation but is relatively uninformed about opportunities for assistance. Where does she start? Perhaps she tries to contact a local Government office such as Centrelink or a local NGO. Immediately, several assumptions rise to the fore regarding the concept of Place, or her current geographical location and the accessibility of aid in that location, and Space, or the medium by which services are delivered (e.g., through appointments with an agent at a particular place, correspondence by mail or phone, or by virtual transactions operating in cyberspace), and Time, or what part of the aid process is particularly relevant to this person.

Our current allocational framework is still heavily weighted toward individuals seeking out agencies which occupy physical spaces (buildings) in fixed geographical positions and which operate on schedules (e.g., weekdays 9am-5pm) sometimes more convenient to its workers than to its service recipients. In this woman's case, we must further assume that if no agencies exist in her current location then she has the means and wherewithal to get to an agency in another location. What might happen if this person contacts a local NGO? Remembering that NGOs are under pressure to survive, and their survival often is reliant upon public sector grants money funding specific programs, it is unlikely that any one NGO has the sufficient scale and scope of expertise necessary to address all of this young woman's problems. Indeed, especially in the mental health area, one would be hard-pressed to find an NGO that has psychologists or psychiatrists on

permanent staff to address such concerns. However, by “evaluating” this person (and doing nothing else), an NGO might be able to fulfil some of its obligations under a particular program fostered by public sector grants. Evaluation alone would not be sufficient service for this young person however. How can any one NGO with its limited programs further help this young woman? One way they could help would be to recommend other NGOs who have complementary programs which could lend additional assistance. However, what are the odds that any given NGO worker will know what every other NGO in a particular geographical region offers in the way of programs which could help this particular woman? The same is likely true regarding resources that are available in the government and private sectors.

*Key Assumption:* By allocating services through a combination of distinct programs across a multitude of physical entities representing the NGO, Government, and the private sector, the current framework can exhibit the following deficiencies.

1. Deficiency in Place (General)—the onus is mostly upon the client (despite their physical or mental health) to make contact with one or more agencies in order to generate service delivery.
2. Deficiency in Place (Physical Resources)—there will be some geographical regions that will lack physical contact points for clients in a variety of social service areas, while some regions will have overlapping, redundant coverage in certain social service areas.
3. Deficiency in Place (Knowledge)—there is no fast, easy way for agents (or clients) to access and comprehensively assess what services that may be relevant to them are available in their current geographical area, furthermore, agents may simply not have the training or expertise to direct the client to the next logical service agent.

While some Tasmanian agencies might make use of virtual space to conduct transactional or information-related activities (e.g., Centrelink claims processing, long-distance education (Paine, 2014), or remote services (*Telehealth*, 2014; Ryan and Robinson, 2001)), the virtual environment is not currently being used to assess social service allocations.

*Key Assumption.* The current framework allows each agency contacted by an individual in need to remain an isolated data “silo”. This silo-based data approach can introduce the following deficiencies.

1. Deficiency in Space (General)—Due to a combination of privacy rights issues, regulation issues, and multiple, non-compatible hardware, software and data platforms in use by various agencies (and within agencies) across each sector, data must be “pulled” from the client at each point of contact.
2. Deficiency in Space (Knowledge)—No general profile of each client is possible that illustrates their need for and use of services from each sector.
3. Deficiency in Space (Abilities)—No longitudinal assessment of data across platforms to assess the welfare of clients on a local, regional, or state level is currently possible.

Finally, individuals like our hypothetical young Tasmanian woman might reach out to more formal agencies only when she has exhausted help from more localized sources such as friends, family, local community organisations, or her local parish. However, by the time she requires more comprehensive direct assistance, many of her problems might have become exacerbated beyond which any one agency contact point could handle. By focusing only on the “delivery” part of social service allocation, the current system is likely deficient regarding the following Time-related factors.

*Key Assumption.* The current framework being focused on alleviating symptoms might not be able to address an individual's root problems or to keep an individual from re-experiencing symptomatic behaviour in the future. These deficiencies could be summarized as follows:

1. *Deficiency in Time (General)*—The current system is set up to address a client's current needs in a reactive manner (by either Evaluating them for services or by Offering them services). The system does little however to address a potential client's needs in a more proactive manner by Screening citizenry and offering services or education in a more prevention or pre-emptive mode, or in a more proactive manner after services have been offered by the Active Monitoring of their condition and Determining necessary follow-up.

For example, it is relatively easy to spot how an individual's progression over time could exacerbate multiple social problems in a concurrent manner. In the case of the young woman, an early removal from formal schooling combined with a disconnection from her family home might have seriously impacted her chances at long-term employment. Over time, this combination of problems could lead to numerous and profound physical and mental health issues (conditions often addressed by the individual through the self-medication of addiction). Of course, addictive behaviours could in turn impact her ability to help transfer immediate direct aid into long-term problem-resolving solutions. However, if a more timely sense of her growing needs were caught by Screening, early intervention could take place. Targeted follow-up by multiple agencies after services have been offered can also serve as a more proactive approach to make sure her issues are being addressed in a more holistic manner over time.



## **5.4 Reframing the problem under a higher order change paradigm**

By explicating elements and behaviours of the Tasmanian public sector grants system, it is hoped that ultimately this systems description (and the understanding it engenders) can lead to system improvement. However, this goal reflects an orientation toward first-order change thinking in that the continued existence of the current structure is assumed. From the perspective of higher order change, we should also be concerned with doing things in a new way (Bergquist, 1993; Weick and Quinn, 1999).

Some of the key deficiencies in the current allocation system have been enumerated in the previous section, and with that analysis in mind, the researcher can explore in general terms what a newer, more client-centric framework might entail and then go on to look at some of the potential system level effects of such an alternate framework. Under this alternate framework, agencies, especially government agencies, would evolve from entities that a citizen must contact for help to entities that can tell you whether you are at risk. Government would be in partnership with both the NGO and private sectors (possibly aided by third-party data brokers) in order to collect, analyse, and distribute the individual data distributed amongst each entity in any sector that a citizen touches.

Profiles of each citizen could then be developed and advice, information, education, and services could all be “pushed” to the citizen via a variety of channels rather than having to “pull” them into physical organisations. This reorganisation would be developed under the mantra of rules and data simplification wherever the citizenry is directly involved, because complexity of rules, regulations, and data-gathering should never be used by the bureaucracy to “scare away” potential applicants (Pressman and Wildvasky, 1984: 90).

For example, taking Amazon.com's famous "Where's My Stuff?" clickable query as a model, simple plain English pathways (or plain answers in whatever language the client prefers as multiple language translation is fast becoming a standard feature in a variety of technology platforms) can be created for the average citizen along the lines of "Where can I get help with X?" Algorithms can be developed to take into account which social problems might be tied together in a conjoint manner. So, for example, a citizen asking for help with job training might also benefit from help with certain educational opportunities (e.g., like computer training offered by a local NGO). At the individual citizen level, their social well-being is constantly being affected; therefore their assessment must also be ongoing over time. For some issues, they will undergo Screening in a proactive manner to assess their danger level, for other issues they might reach a threshold where some entity can begin to offer counselling, education, or services, and for some issues they might be in a post-service Monitoring phase where follow-up measures are being packaged and tailored to their needs from a variety of entities.

This is a framework with a strong data-based foundation committed to data sharing and transparency. For example, at the system level gap analysis would be routinely undertaken across a variety of dimensions: geographic—by neighbourhood, Council area, region, state, etc., demographic—by key client variables such as age, gender, race, income, etc., within sector—to identify key needs and potential "niche" opportunities for new organisational entrants, and sectorial—to see what social services are being under or over-represented. By capturing all client activity across all organisational touchpoints, Government as well as other stakeholders would have the ability bridge channels and have a

historical perspective of experiences and outcomes on both an individual client and on an aggregate citizenry basis.

An outcomes-based approach would be the key focus of the new framework and would be heavily weighted in evaluation criteria at all levels for all stakeholder organisations. The world “has become far too complex, too multidimensional, for decisions to be centralized or concentrated at the top” (Connelly *et al.*, 1999: 2). It is easy for Government workers to look out their windows in Hobart to try to determine local conditions, but much harder to do when considering rural Tasmania. Government agents would be more dispersed in order to gather intelligence first-hand. Career government agents responsible for social service delivery would take more ownership of particular regions by utilizing a longer time horizon when dealing with them with the expectation that their job reward structure would be adjusted accordingly. Regional implementation (or outcome) managers working in a nested manner with local Councils would serve to oversee funding channelled to a particular region, to facilitate cross-Council assistance where appropriate, and to help populate a local repository of best practices (which can then be amalgamated into a larger state-wide depository). By extension, Federal outcome managers would be dispersed away from Canberra so that local conditions can be better understood over the long-term. Through the use of data-intensive queries, stakeholders like Government would be able to better assess how funding flows through the system across each sector, and through aggregate analysis determine how well the needs of its citizens are being met by its public policy funding level and mix.

## **5.5 Macro-micro linkages in a new framework**

If resource allocation is truly a “wicked” complex problem, is a measure of system-wide allocational effectiveness even possible? If a whole-of-government, whole-of-society approach is adopted along the lines of the one outlined in the previous section, the data derived from such an approach would go a long way in providing such a measure. The researcher would like to draw a parallel with population-based health management frameworks that use a combination of epidemiological quantitative analysis, demographics, and economic theory to simulate how future disease will impact various parts of society. Large epidemiological-like population studies of social well-being are probably not cost effective for any Government to undertake on a continual basis, however, such explorations with long time horizons could be supplemented in the near- and mid-term by paying attention to a variety of stakeholder-derived leading and lagging indicators. For example, in the absence of a large scale survey of population mental health, a data intensive framework would draw out a multitude of proxy measures such as mental health-oriented visits to hospital emergency rooms, calls to mental health-oriented help lines, levels of Centrelink benefits related to mental health, the use of screening mechanisms by general practitioners throughout the state, the number and type of psychotropics being prescribed, the number of mental health-related incidents police have responded to, etc. Using multidimensional analysis, stakeholders can then explore proximate and distal causes for social issues highlighted by these indicators across multiple public policy dimensions (e.g., health, welfare, social inclusion, etc.). As stated, these indicators would be truly client-centric with a variety of “customer satisfaction,” “complaints received,” “on-time delivery,” and “error rate”

measures factored in across processes generated by all agencies. Of note, even when dealing with highly-complex multidimensional quantum states, it is not necessary to measure every dimension: “It takes only a handful of measurements to get a high-quality image of a quantum system” (*New technique uses fraction...*, 2014: para. 9)—parallels in social system measurements should be sought out that could mimic that type of systems clarity.

Under this framework, Government has been repositioned from a general funder of programs in the Environment to a more proactive participant with the following goals:

1. Long-term: Assess the social well-being of the target population. Work under a social- and digital-inclusion framework. Complexity-aware monitoring is standard operating procedure in public policy design. Place emphasis on improving overall system (i.e., the entire portfolio of public policy offerings) performance and not on piecemeal performance goals. Overall system health is the main concern in a whole of government approach to assessing effects of multiple agency efforts (Australian Government Public Service Commission, 2004: 91).
2. Mid-Term: Evaluate programs and initiatives as parts of larger interventions to promote social well-being. Wherever possible, encourage “joined-up” local services as well as digitalized public services that “are personalised, flexible, and time-and-cost efficient” (HM Treasury, 2009: 19). Unlock “data silos” across all government departments (Productivity Commission Annual Report, 2010: 12). Widen intra-government information sharing efforts (e.g., Govdex information system) to include stakeholders in other sectors. Develop flexible funding processes to deepen collaboration amongst stakeholders.
3. Near-Term: Foster funding for effective programs and initiatives. Establish a proactive focus on identifying citizens in need. Understand that the “Australian public increasingly expects services to individuals, business and communities to be tailored to their particular needs” (Australian Government Public Service Commission, 2004: 2). Be open to innovative collaborative and self-organizing efforts across neighborhoods, communities, organizations, and sectors. Allow knowledge from these collaborative networks and others to inform the public policy agenda (Adams and Hess, 2002).

These goals would be shared with its partners in other sectors.

Under the rubric of these three guidelines, let us return briefly to the micro-approach of looking at our young Tasmanian woman in need. Under this framework, it is now possible to extend the service delivery of any particular channel by addressing this woman's concerns in a more systemic way. While before her general practitioner might have taken it upon herself to flag her for follow-up if she missed an appointment, now that same GP would have access to data as to whether her patient was filling her prescriptions, meeting with her mental health service provider, receiving visits from home health agencies, receiving community support, accessing emergency care, etc. Government might now not only take an interest as to whether this person was no longer homeless (itself a rather narrow criteria of well-being) but how sustainable any such housing is for her given her near-term economic conditions. NGOs, freed from the perverse effects of cherry picking clients that fall under set criteria for their programs, might be now more eager to offer services to her if longer-term client outcomes are favoured.

To return to the system as a whole, Government might have to adopt the approach of a "chef" rather than a "cook" in order to obtain a systems measure of its allocational effectiveness and fairness. In essence, the mix of funding for various social services creates a "stew" of sorts. In asking the systems evaluation question of whether we have a good mix of ingredients (or to put it another way: Do we have the right programs offered by the right mix of organisations from each sector for the right client base?), we are also asking in effect whether the stew tastes good (or to put it another way: Have we achieved a good level of social well-being for our citizens?). Continuing the analogy in a reductionist sense, we could measure each individual ingredient on a variety of measures (e.g., freshness, cost, organic,

locally produced, fair labour), we can take note of how each of the ingredients was prepared (e.g., when it was cleaned, how finely was it chopped, etc.) and when they were added to the mix, what cooking implement was used, on what cooking apparatus, at what settings, etc. There will never be 100% consensus of those who try to the stew—some genuinely might not like the ingredients, their individual or combined texture(s), the seasoning, or the overall flavour—some might dissatisfied with their portion, or the presentation of the stew (e.g., the bowls used to contain the stew or the implements used to eat it), its smell, or taste. They might never have tasted such stew before—they are put off by its novelty, or in contrast, they are tired of eating it time and time again. However, at the end of the day in a very practical sense, it is possible to measure across a wide variety of actors with different backgrounds whether this was a good stew or not. Inevitably change will come—the ingredients substituted for, the cooking implements altered, the cooking time varied, and the stew eaters (and their relative tastes) themselves altered. Yet good chefs who have good instincts (in contrast to good cooks who have good recipes) have been known to make gourmet meals on the fly from the simplest of ingredients. So how can our theoretical chef inform Government on its allocation of social services? By adopting their ways of learning—constant trial and error leading to deep experience and an intense devotion to monitoring ingredients (which in this case reflects a combination of leading, lagging and lacking indicators in the Environment). At any given time, Government must be nimble enough to adjust its capacity in the following ways:

1. Cooking pot—Is the pot big enough? (Is it feasible to adjust the inputs that are the source of funding?)

2. Cooking Time—How do we avoid overcooking or undercooking the stew? (Do we have the programs we need in place now? Are we likely to be covered in the future?)
3. Ingredients—What ingredients are necessary but not sufficient? (What programmatic efforts are needed versus which are wanted? )
4. Cooking Temperature—Do we have the right level of heat? (Are there too few avenues of assistance or are too many programs overlapping and causing duplication of effort?)
5. Number of Servers—Who is serving our stew? (Do we have a good mix—i.e., number, type, mission, region-focused, etc.—of sector agents?)

This analogy has the added benefit of a sort of tiered assessment to the allocation of resources.

If the stakeholders identify citizens in need who are not receiving or accepting the stew (services), this too is an important indicator. If some citizens receive only a small portion and are undernourished, then Government is informed from the initial serving of their continued need. If some citizens received a full serving, Government must still reflexively ask itself whether the serving was nutritious enough and how long such a serving will last the recipient.

The researcher understands that is impossible to have complete geographic coverage of all possible programmatic offerings from each sector in each category of social problem. Therefore, N-dimensional environmental scanners with an eye toward short, intermediate and long-term time horizons might become the public policy “chefs” of tomorrow. They will determine whether certain clusters of social problems are emerging from the system—clusters based on geography, demographics, social issues, etc. with causes either local or more distal. They will also determine the granularity and scale of these problems as deduced through various indicators. Finally, these scanners will have data necessary to advocate for greater or lesser coverage as the allocation stew is always subject to adjustment.



What are some of the implications for the behaviour of the system of adopting a more data-centric, client-oriented allocation framework? Because the “health” of the entire allocation system rather than the optimization of any particular part is now the overarching goal, the researcher would anticipate that the following features might be heavily emphasized:

1. A system guided by gap analysis—What social services are lacking in what areas and for what population segments?
2. A system interested in sector analysis—What percentage of social services for any region are being delivered by Government? Are being contracted out to NGOs? To the private sector? Are some sectors under- or over-utilized for some social problems? What is the level of cross-sector collaboration?
3. A system no longer dominated by physical points of contact but one which allows some channels to be accessed as required, on a 24/7/365 day basis.
4. A reorientation of the system toward self-organisation. This principle would require a new regulatory framework that would engender a myriad of organisational partnerships and alliances across sectors. Councils would be encouraged to make alliances to tackle regional problems. NGO/fourth sector and NGO/private sector alliances would be promoted. Local NGOs might form short but meaningful contacts with more geographically distant counterparts to deliver services locally, or they may team with international NGOs for a time to gain expertise. Smaller NGOs could be grouped under larger ones in ever-changing configurations in order to create new solutions.
5. An adaptation of the system towards outcomes. Higher-level analysis of funding acquittals that is focused on a population segment or regional outcomes. Funding becomes more meritorious by remaining neutral as to the applicant’s size, years of operation, level of past awards, etc. Funding becomes less about organisations and programs and more about results amongst clients. Single interventions like grants and contracts would be assessed more holistically and always in context of other related interventions designed to produce some aggregate result (see for example the revision of intervention terminology under a “complexity-aware monitoring” framework—Britt, 2013).

6. System “memory” is preserved through best practices and case studies in an open repository. Localized data, knowledge and experience are captured as part of the service delivery process. It is anticipated that other stakeholders like peak bodies and University researchers would supplement the local best practice store with wider reportage concerning state, country or international-level best practices.
7. A de-emphasis of unifactorial reporting of deficiencies in the system to reportage on overall system health.

Such system features would have the tendency to reduce competition for scarce funds and reorient organisations toward whatever structures are necessary to provide good social outcomes. Uneven geographical coverage by organisations in various sectors can be spotted quickly and incentives put in place to extend such coverage or to foster new start-ups. The use of a Best Practice repository and aggregate outcomes analysis would aid in questioning how innovative or brittle the current amalgamation of organisations is for various social issues. Complexity analysis could be undertaken by following the interlinked data flow between organisations and more precisely measuring the transactional requirements of new data requirements and regulations. Finally, organisational and program life cycle analysis would be more accessible to stakeholders. Some regions for example might require the intensive collective efforts of a multitude of NGOs over many years (perhaps generations). Some NGOs might organise to fill a regional gap for a specific social service for a short period of time, or the founders might be seeking in pilot program fashion to test some new ideas in a new area. Although current organisational theory is heavily weighted towards the concept of sustainable (one might also substitute the word “prolonged”) activity, perhaps an equally supportable philosophy could be centred on impact and outcomes. Longevity is not necessarily a proxy for innovation or successful outcomes. There is some evidence

(Weerawardena *et al.*, 2010) that a nonprofit's focus on sustainability leads them "to focus their efforts on innovative fund-raising strategies" while paying "less attention to 'service delivery'" (354). Indeed, a survival focus by an organisation is often at the cost of its creating "social-value" (Austin *et al.*, 2006: 17). For that reason and others, future organisations might instead be created with self-imposed short timelines of operation right from their inception:

Given the convergence of a multitude of technologies—translation technology to bridge language divides, common hardware platforms, back office software, currency transfer, and global, instantaneous telecommunications—combined with a growing global middle class of college educated, professionally trained self-employed workers, future organisations will form like soap bubbles and be just as ephemeral, forming at will with ever-shifting personnel from a multitude of countries, operating across multiple national jurisdictions, in order to achieve a common purpose. (Georgelas, 2014: para. 1).

Under this framework, stakeholders can ask how robust the system is by looking at organisational entry/exit and their timeliness in filling whatever coverage gaps arise. Also in keeping with the spirit of self-organisation and outcome-based objectives, lots of experimentation with funding could be undertaken along the previously mentioned dimensions of Place, Space, and Time. Rather than grants to specific programs within an organisation, "pooled" funds for example could be made available to either individual organisations or consortiums based on tackling community or regional issues. Also in that same spirit, perhaps allowing a wider latitude of spending discretion to part or all of the funds would be in order. Perhaps it does make sense for an NGO in some circumstances to spend money on staff training so as to build organisational capacity to deliver better programs, especially when the likelihood of failure in the long-term is increased without such "continuous investments" (Emery, 2008: 12). Perhaps it does make sense to free NGOs from

the political cycle of Government funding and have a grant allocation portfolio of short, medium, and long-term funding options available. This type of thinking might also apply to non-governmental donor funding which so often now goes to large, stable organisations who market themselves well (Faulk, 2011: 85) and helps force NGOs to comply with donor interests because of their high resource dependency (AbouAssi, 2013: 598)—a dependency which has also been shown to foster mission drift (Gooding, 2012: 95). Under this framework, organisations, high worth individuals, the general public, crowdsourcing efforts, etc. could not only donate funds to certain organisations but could also donate to pooled funds by social cause, by demographic segment, by region, or a combination of factors (with the funds apportioned to qualifying organisations), thereby further levelling the playing field. NGOs of any size could then seek out these more diversified streams of funding which might go a long way in reducing their hazard rate of failure (Vance, 2010: 116).

Naturally, any radically new framework (and the researcher recognizes the idealized and normative aspects of the one outlined here) would generate its own set of complexity issues and unintended behaviours amongst its system elements, thus it is not presented as the “solution” to the problem of determining social well-being and its concomitant issue of the allocation of social services—which is ultimately “an exercise in the management of uncertainty” of the best course to take (Calman, 1994: 73). The researcher has highlighted the issues above in such a framework in the hope that: 1) there is a recognition amongst stakeholders that there has been a “calcification” of the service allocation system (and its system cousin, the grants system) into its present not particularly innovative form and that new schemas provide new opportunities to explore higher-order transformational change

opportunities, and 2) the illustration of such alternate schemas can help researchers develop more individual and more systemic measures of allocational efficiency under the wider banner of social well-being.

## **5.6 Implications for theory development**

At various times throughout the course of this study, four major overarching questions manifested themselves, the answers to which have all remained undiscovered. They are:

1. Why do grants systems remain a major part of public policy for so many governments around the world?
2. Have grants systems grown more complex over time? To what effect?
3. What prompts the genesis of (additional) grants?
4. What effect does a “static” grants system in which Government awards grants to fund specific programs run by organisations in the nonprofit sector affect the overall social services system?

Each of these questions is a good jumping off point for theory building work. The question of why grants are still being used and used so heavily by governments throughout the world first raised in section 1.1 should be revisited by future researchers. Unlike systems found in nature, grants systems are not “long-lived products of competitive survival” (Crutchfield, 2009: 3). They have been relatively sheltered instruments of government public policy, but their consistent use over several decades lends them an air of persistence that bears further investigation. It may be that at the end of the day, grants are simply a form of expedient “political tree sap used to cover small wounds” (Professor David Adams, 2010,

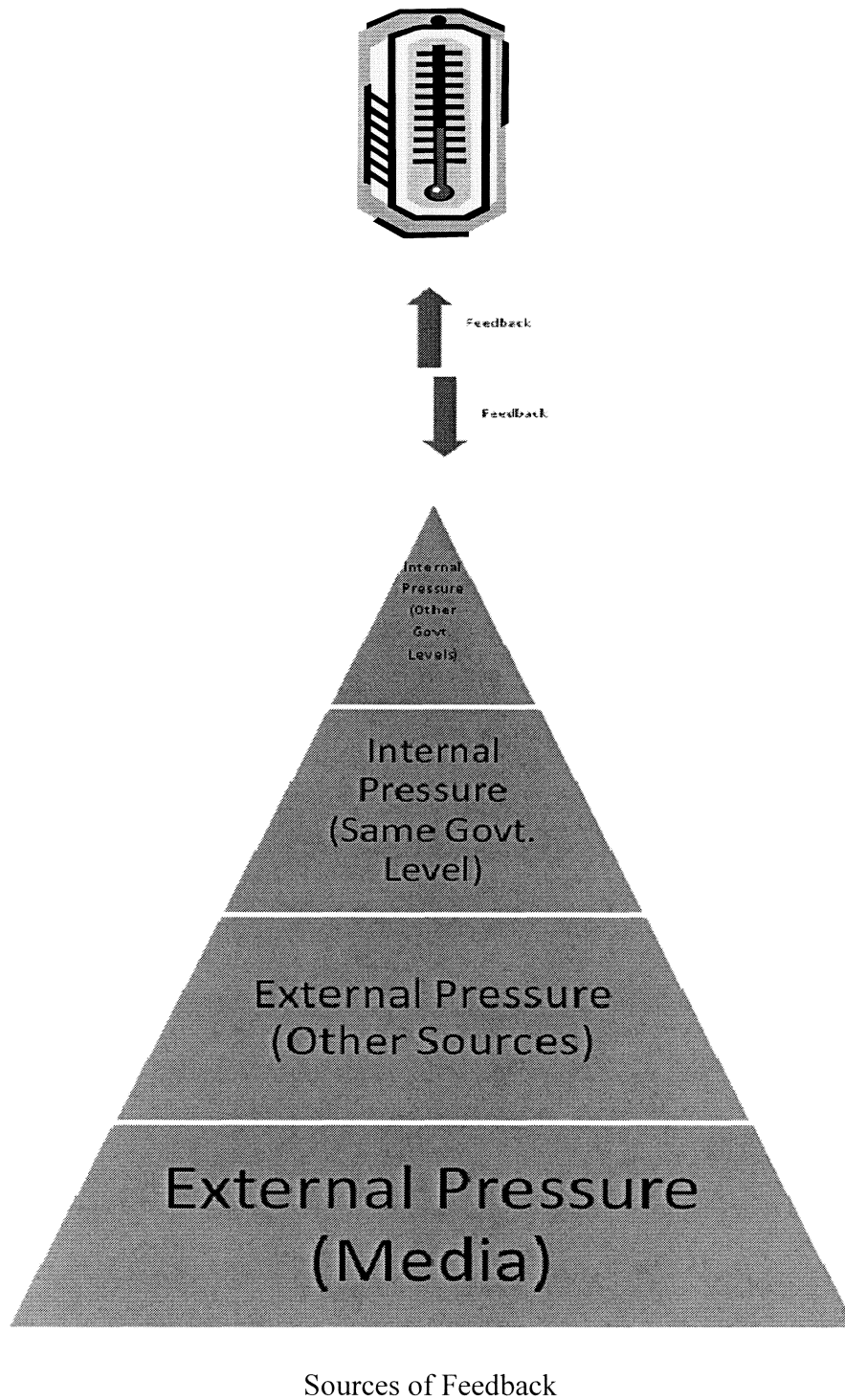
pers. comm., 6 May) that by the means of global diffusion have become a standard tool in a generic government's policy toolbox. Then again, their ability to appeal to a wide group of stakeholders would seem to suggest that deeper theoretical linkages might emerge.

The second question of whether grants systems have become more complex over time is particularly timely given the new Commonwealth Government's focus on trying to reduce complexity in bureaucratic systems by reducing red tape. However, as was pointed out in section 5.2, complexity manifests itself in social systems in a multitude of ways (and in part through unpredictable "emergent" behavior). Therefore, movements toward simplicity might have little or no effect unless a deeper understanding of the nature and structure of this complexity is gained (Miller and Page, 2007: 236). Of particular interest is another take on the follow-up question of what effect this complexity has on the system: If the essential operation of grants systems has not changed much over time, how robust are these systems presently? As Johnson (2001) points out, "systems can grow unwieldy when their component parts become excessively complicated" (78). It will take theory building work to determine when a system such as this "flips" from a state of robustness to a state of brittleness. One avenue of inquiry would be to use advanced simulation techniques to introduce various complexity parameters into a model to try to determine system performance measures. Grants systems may be a relatively inexpensive way for Government to address stakeholder concerns but what is the resultant state of the stakeholders if the complexity of the system rises over time? Does there exist an identifiable stakeholder "tipping point" (perhaps revolving around such key variables as level of NGO dissolutions and transactional cost "ceilings" reached) which could signal imminent partial or total system failure?

If grants are an integral part of wider public policy endeavors by Government, then the process of their creation might also bear some particular fruitful insights into their utility. In Figure 8, the author has constructed one possible starting point—an overarching yet simple systems feedback-oriented framework which could help initial research into the genesis of grants. Governments are likely to set policy based on a continuum of options ranging from simple fiat by one or a few members in the case of autocratic governments to large consensus-building efforts amongst numerous stakeholders in more participatory governments. Certain governments may remain aloof from public opinion and set policy agendas based more on party platforms, economic theory, or the social philosophy of its leaders. Other governments may find themselves with less-than-unified policies as different levels of government (perhaps dominated by competing departments, agents, or members of different political persuasion) actively block uniform policies across regional, state, or national lines. Generally speaking though, we can postulate that all levels of Government receive feedback on their public policy initiatives on a regular basis. This feedback would come from multiple external sources (e.g., general public, lobbyists, special interest groups, clients, client advocacy groups, etc.) across time. In addition, internal Government sources (i.e., different levels of Government or departments within a single level) might also generate feedback about the relative success or failure of a particular policy within their domain. In Figure 8, Media occupies a special standalone place in the diagram due to its possible disproportionate effect on policy making (Franklin, 1999) and should be examined more thoroughly for its possible effects on grants (especially given its ability to widely inform the general public on single issue causes like selected deviations in public expectations of policy

**Figure 8**

**Measuring the Pressure on Government to Do “Something” Based on Internal and External Feedback**





outcomes). Under this framework, certain gradient lines on the “pressure to do something” thermometer’s scale pictured [Note: This thermometer is a stand-in for an internalized mental model which can be used to quickly channel current issues before political leaders into “hot topics”.] might signify a theoretical limit over which a Government feels constrained to act. [Also of interest: Between what gradients must an issue fall between in order to remain within the grants system sphere?]

For example, going past a certain point might trigger an informal assessment across departments within a single level of Government about a particular policy, past another point might trigger a formal assessment in that level, past another point might trigger a formal assessment between levels of Government, past another might trigger the creation of a new grant (or the modification or deletion of an existing one), past another might call for a new program, or an entirely new policy, past yet another might generate the impetus to determine a new source of revenue. For our purposes, it would be interesting to see if Government is this deliberate and feedback sensitive in its actions and while the genesis of grants is more than likely to be multi-factorial in nature, it would also be useful to know if feedback in the system is a key causal agent. If so, this “reactionary approach to feedback” framework fleshed out into a wider theory of government agenda setting might help explain the plethora of grants and their “longevity” once created. In this light, the entire life cycle of individual grants would also be worthy of study. Given the systems theory truism that systems once made are difficult to get rid of (Gall, 2011), we can also ask: How long do individual grants stay available and what is the justification for their continued existence? Does negative feedback on the possible withdrawal of a grant entitlement keep certain grants in existence long past the issue for which they were created for in the first place has been resolved?

It is relatively easy to picture the reinforcing feedback loops that would be created under this framework. An individual grant comes into existence, and the result of the program(s) that was funded by that grant is fed back through the system. Positive feedback (especially from the media which as mentioned before affects a wide and diverse set of stakeholders) would tend to reinforce the continuation of that grant. After all, what politician has the political wherewithal to cancel a grant that is now: 1) contributing to “good” results in the community, and 2) supporting an organisation (and by extension employing people—another public good) that is also achieving good results in the community? Negative feedback might also reinforce the continuation of the grant in question because the original feedback which helped generate the grant remains—this discrepancy could lead the ordinary politician to decide that only adjustments in its implementation are required. These adjustments could be to the grant’s scale (e.g., it was insufficient, or the organisation awarded the grant was the incorrect choice) or scope (other organisations in the sector could perhaps do a better job). The adjustments might cause the grant to bifurcate along these lines such that multiple grants to a diverse set of organisations may be generated to replace what was before a single grant.

In this framework, success can breed success (continuation of grants), and failure can breed success (additional grants). Soon, it would not take long to populate a policy landscape with a plethora of grants, each of which must be must be administered from creation to acquittal (which in itself is another type of jobs program). This requires more and more Government personnel operating in different departments across different levels of Government each most likely using heterogeneous data formats and platforms. The “emergent” pressure to organize this portfolio of grants generates ever-more formal rules and

procedures, thereby introducing even more complexity into the system. In the environment, it is relatively easy to picture the cause-and-effect nature the increased pool of funds generated by the grants system has on the number and type of organisations in the nonprofit sector. Dependent as they have become on public sector grants funding, nonprofits would most likely suffer wide scale sector effects if downsizing grant offerings were a routine course of Government business. Targeted grant downsizing is also problematic since the larger grants would appear to be going to larger NGOs which often offer a multitude of services to local communities. Future researchers could explore this area by asking: Are some grants funding organisations that are simply too big to fail?

This leads us to the research area encapsulated by the fourth question raised above which asks what type of system is generated by this “static” system of creating grants which feed ready-made programs by NGOs. This area is perhaps approached by asking two sub-questions:

1. How innovative is the current system?
2. How is system performing in terms of overall outcomes?

According to Altenburg and Pegels (2012: 6), “innovation is a relational, interactive and cumulative process that occurs between producers and users of goods and services”. How innovative is the Tasmanian grants system, particularly at its current point in its life cycle? To answer this question, we would have to explore the concept of innovation from many perspectives. Innovation can take place within certain stakeholder groups but also across stakeholder groups (e.g., by their use of new and value-added collaboration tools or methods or by their organisational relationships). We can look at: 1) particularly innovative programs being offered by individual stakeholders, or by groups of stakeholders,

2) inventive programs centred on certain social issues, or 3) certain technologies which allow for unique client outreach or that create opportunities for specialized client service delivery. There is no particular need to equate “innovative” with the concept of “pioneer” however. Tasmanian NGOs might demonstrate innovation by quickly adopting and tailoring a national or global best practice to suit their current circumstances. Others might gain “first mover advantage” by adopting a certain technology which may be cost prohibitive for other organisations in its sector. Other NGOs might be particularly innovative in marketing and branding activities which in turn perhaps allows them access to a wider range of funding sources. Does experimentation in the sector (e.g., collaborative efforts within the sector like joint grant proposals, collaborative programs across NGOs perhaps under an umbrella of a community focused endeavor, collaborative efforts across sectors) occur regularly, and is such experimentation encouraged by Government at all levels? All in all, we will need additional theory to guide us through these explorations, especially when questions are asked about complexity and whether its effects (e.g., increased Bureaucracy, red tape, and transaction costs) tamper down creative energies in the system, drive out smaller (and perhaps more innovative organisations) in the system, or by extension help develop a preference through grant funding for established (but not necessarily innovative) programs which contribute to perceived regularity and predictability in the system.

The second question deals with an overall measure of effectiveness of the grants system. It is very possible for a grants system to generate a highly efficient usage of grant funds. With the exception of stakeholder feedback, this is currently the major criteria by which the nonprofit sector is judged in Tasmania. Has the money allocated through public sector grants been spent to the Government’s satisfaction? Would more sophisticated

outcome-based criteria engender too many disruptive effects on the nonprofit sector? Who should make that determination? These are questions which point to areas ripe for further research.

## **5.7 Implications for management practice and research**

Tasmania would have several advantages as a test bed if it should ever decide to prototype changes in its social services allocational framework. It has a relatively small population, urban clusters (it is the only Australian state without a rural Council), a good technology infrastructure once the rollout of the National Broadband Network is completed, organisational researchers available at the University of Tasmania and the Australian Innovation Research Centre, a large number and variety of voluntary and community service organisations, and a history of participatory democracy at the local level. In the past, Tasmania has made social inclusion part of its government deliberations, it has been the home to several pilot programs to help provide services to rural areas, it has a history of cooperation between individual councils [Note: Regional organisations of councils, or ROCs, began there in 1922 according to the Australian Government/Department of Infrastructure and Regional Development, 2003: para. 8.], and it has successfully undertaken cluster developments with the help of local communities (West *et al.*, 2012).

Tasmania also has key economic and structural challenges. For example, “disposable incomes in the state's north and north-west were found to be some of the lowest in the country with two regions in the top 10 lowest disposable incomes” (State of the Regions report, 2014: para. 2). Tasmania also has “an ageing population and its associated costs, as

well as growing citizen demand for increased services and government” (Eggleton, 2014: para. 8).

Regardless of whether such prototyping discussions ever take place in Tasmania, it is anticipated that this study (even with its findings in a nascent stage) will make a contribution to management practice and research in the following ways:

1. It will demonstrate to each grants system member that they are a stakeholder in a much larger public policy system, and that the boundaries currently dividing them should not be assumed to be static and unchangeable.
2. The Tasmanian grants system with its various emergent behaviours has been shown to be eminently describable. In the opinion of the researcher, this makes it an especially good candidate to become one of the Australian Government’s test case studies in its examination of “wicked” policy problems (see Briggs, 2007).
3. It might encourage future researchers to more fully explicate the grants system, and as the system elements and their interactions become better known, might also eventually impact policy because case studies like these “provide vicarious experience which is an important basis for refining action options and expectation” (Stake, 2005, cited in Bergerson 2007: 116).
4. It might prompt future researchers to go beyond the grants system and look at the evolution of allocative policies in a new systems-oriented, holistic manner.
5. It might persuade future researchers to utilize multiple frameworks and multiple methodologies to address the issue of social well-being.
6. It offers an opportunity for next generation researchers to explore different allocation mixes and assess whole-of-public-policy fitness landscapes even if certain emergent system behavior remains forever unpredictable. These researchers will have more refined multi-criteria analytic techniques from an evolving field of study (Urli and Nadeau, 1999) and access to much more sophisticated technology platforms (e.g., quantum computing) on which to conduct such analysis within the next twenty years (Connolly, 2012).

What began as a research endeavour with simple research questions in a field almost devoid of past studies has the potential to carry on in many directions—not only to study existing systems but potentially reformulating those systems under more fully realized alternate frameworks.

## **5.8 Conclusion**

Future researchers are warned by Anderson (1972) as cited in Miller and Page (2007: 41) that teasing out an understanding of a system's functioning by using a reductionist approach—the modelling its parts—might be a fool's errand since the whole is “not only more but very different” than the sum of its parts. A counterweight to that warning, however, is Johnson's (2007) reminder that “we don't need a full understanding of the constituent objects in order to understand what a collection of them might do” (17). Systems research along the lines initiated by the current study needs an overarching theory (yet to be developed) on how “states of the world (composed of low-level entities and interaction rules) are transformed into high-level entities” (Miller and Page, 2007: 42). Given that a variety of methodologies are likely to be needed in order to model such higher-level entities (Miller and Page, 2007: 42), that approach has been fervently endorsed herein.

Furthermore, if a complex system like the Tasmanian grants system can be understood through “good theory,” then a concomitant goal of such theory creation is to try to influence the outcomes of such a system (Miller and Page, 2007: 235). Several factors point to the need for such efforts. Grants systems touch the lives of countless citizens in numerous

countries across the globe. We are living in an era of decreasing government funding, increasing competition for this funding, building pressure on nonprofit organisations to “professionalize management practices and demonstrate measurable outcomes” (Lazarevski *et al.*, 2008: 217), and increasing demands on government to produce solutions to complex problems. Developing a greater understanding of this small piece of the larger public policy pie might provide researchers with the very insights needed to improve not only this subsystem but by extension the wider policy system as well.

The ability to give stakeholders of the Tasmanian grants system access to a larger picture than they might currently have of the public policy system they are embedded in is a good result from the current research effort. It is hoped that eventually all of the stakeholders of the public grants system will be made aware of the potential unintended consequences inherent in the current system design and become part of the discussion on how to improve the system. It is hoped that this awareness can lead to a discussion on how best to alter the grants system in the 21<sup>st</sup> century to make this public policy tool not only more efficient and effective but more impactful in terms of social outcomes.



## CHAPTER 6

### Conclusion

#### 6.0 Introduction

The research effort detailed in the prior chapters focused on describing the public sector grants system as one tool at the disposal of the Tasmanian government in creating public policy. Such a system was examined up close by gathering the perspectives of a key stakeholder in that system—nonprofit actors. The system was also examined from a distance by looking at the behaviours that emerge when system elements interact. The findings from that dual examination are summarized in the following section.

#### 6.1 Synopsis of findings

Each of the two research questions were addressed by the data gathered in the course of this study and the subsequent analysis. A summary of the findings is presented under each question.

*Research Question One:* Are there any system archetypes noticeable in the public sector grants system?

*Findings.* Analysis of the data uncovered five system archetypes which seem to be embedded both in the design and functioning of the Tasmanian grants system. They are most commonly known as:

1. Shifting the Burden—Addiction
2. Escalation
3. Success to the Successful
4. Drifting Goals
5. Limits to Success

These patterns of behaviour were found during the exploration of four major themes which emerged from the data on how NGOs can respond to funding shortfalls. These themes deal with an NGO's attempt to cover funding gaps. They can do this by:

1. Seeking additional funding (e.g., by applying for additional grants).
2. Adjusting their programs and client base (e.g., by focusing on “grant-worthy” clients).
3. Adjusting their organisational focus (e.g., by becoming a better fundraising organisation).
4. Cost cutting (e.g., reducing personnel and overhead).

Each of these archetypes was then discussed in terms of their micro- and macro-level effects.

*Research Question Two:* Is the complexity of the public sector grants system increasing, and if so, why?

*Findings.* The consensus of the survey participants was that complexity was indeed increasing in the Tasmanian grants system and was doing so across multiple levels which the participants helped define. Key factors which led to this finding are:

1. The grants system in toto was viewed as growing more complex due to significant sector growth and a competitive “imbalance” in the number and size of the NGOs in the field (with many small organisations and a few large ones).

2. The grants system makes few allowances for the scale and scope of NGOs and “burdensome” paperwork requirements throughout the grants process are equally applicable to all nonprofits. Larger organisations which have more specialized staffs are better positioned to apply for more and for a wider range of grants than smaller nonprofits.
3. The larger an NGO becomes, the greater the organisational complexity involved in completing the grants process. This occurs because more staff and support personnel usually become involved in grant activities, and those activities become diffused across a wider range of intra- and inter-organisational positions (e.g., contacts between an NGO and external financial, tax, and consultancy personnel). With increasing staff involvement comes an increased number of data checkpoints and permissions needed in transactional activities.
4. Enforced collaboration schemes by the government (e.g., joint tendering) is looked on both with hope and suspicion by the participants. In terms of complexity, such schemes cannot seem to counteract the natural competitive tendencies of actors operating in a zero-sum arena.
5. Government grant specifications help create complex reverberations in the programmatic offerings of NGOs, most notably in their selection of clients. The focus on “grant-worthy” clients can drive changes which affect not only operations but organisational mission, reputation, morale, retention, fundraising capacity, service quality, etc.

## **6.2 Limitations**

The constraints in this research effort have also been noted in other sections. To summarize, the sample size used was small. Findings also represent only a small snapshot of NGO operations in what is a diverse sector. These factors combined with the exploratory,

interpretive nature of the study makes generalizations impossible to propose at this juncture. Furthermore, the research remains in the very early stages of theory development. Two other sets of constraints, the research design itself and the theoretical lens that was selected, are covered more fully in the following two subsections.

### **6.2.1 Interpretative restrictions imposed by the research design**

The design, the case study approach, utilized herein was chosen for two major reasons: 1) because according to Stake (1994: 156), case studies are valuable in “suggesting complexities for further investigation,” and 2) because the perceptions of the stakeholders selected (NGO officers) reflect a “rarely observed quality” of uniqueness in the extant literature (Guest *et al.*, 2013: 9). However, now that tentative themes have been established under a conceptual framework, it is suggested that such work can continue by utilizing a “diversity of theoretical and epistemological frameworks” (Guest *et al.*, 2013: 3). Inductive thematic analysis should perhaps take on a central role for a time in order to take the thematic results to a larger sample from within the Tasmanian grants system as well as to a wider population of grants systems for comparative purposes. Such analysis could easily be extended to the grants systems of other Australian states as well as to other nations. However, it should also be noted here that enough anomalies may exist between local, national, and international public sector grants systems as to make such sampling problematic.

The small, self-selected sample of volunteers used in this study was instrumental in the highlighting of some of the unique behaviours arising from the modelling of the local

grants system. However, this sample can be broadened on multiple fronts. Within Tasmanian NGOs, other key staff members should be sought out. These can include program managers who need to oversee compliance with government contract conditions, finance managers who handle government acquittals, and actual field workers who provide the organisation's services. Within Government, key staff could include agents responsible for grant contracts, acquittal agents, policy makers, policy implementers, and policy evaluators. Other key stakeholders in the grants system that might be considered for inclusion in future studies involve all client (and non-client) pools related to NGOs' programmatic offerings, especially those clients who have been (or will be) affected by programmatic changes or cuts within NGOs, media personnel, other organisations which serve as NGO funding sources, private sector organisations, and the general public. On a wider, international front, grants systems under different types of Government structures should be investigated (e.g., Is the complexity burden amongst stakeholders higher or lower in tightly regulated versus loosely regulated environments?). Different types of NGOs (other than state or national NGOs) should also be part of a wider sample. Of particular interest are boundary-spanning, international NGOs (aka INGOs) which have been noted to be particularly "resistant to change" (Ronalds, 2010: 181). Wider sampling efforts should also take into account other environmental issues such as Culture to witness how grants systems are formulated in societies deemed to be more oriented to collaboration than to competition.

Moving on from case studies, it is hoped that longitudinal data is also sought. As Byrne (1998: 69-71) points out, it will be this aggregation of the micro-level behaviours of the stakeholders that will help provide insights into the macro properties of the grants system:

Longitudinal data are essential if the temporal dependencies in micro-level behavior are to be investigated in any analysis but micro-level behavior is not the basis on which we can analyze changes in society and politics. We need to understand how the whole system within which micro-level behavior occurs is changing (68).

Finally, it is hoped that a mixed method research agenda is followed as this researcher also believes that a blend of qualitative and quantitative research would lead to a more “coherent account of the evidence” (Risjord *et al.*, 2002: 273). Qualitative efforts will help deepen the metaphors derived from the system stakeholders and give rise to a multitude of questions beyond those raised in previous sections. Quantitative inquiry can then be used in an iterative conjunctive manner to help answer those questions. For example, qualitative analysis has already provided some interesting questions about data requirements throughout the grants process. Questionnaires and diary keeping with quantitative scales could now be used among NGO grant agents to determine transactional costs of those activities (Risjord *et al.*, 2002: 273-274).

### **6.2.2 Interpretative restrictions imposed by the theoretical lens**

According to Gharajedaghi (2011), in order to contemplate something, “a mental image or model of it” is required, and this model is “a selective abstraction of reality and at best it is an oversimplification” (11). Given the lack of prior research, the researcher focused on systems theory to establish a framework whose scaffolding was a minimalist description of a complex system so as not to get bogged down in detail in this foundational research effort. In the course of investigation, systems theory supported by concepts derived from both the NGO and public administration literature was further informed by the following

frames—resource-based theory, neo-institutional theory, social network theory, and organisational life cycle theory— due to stakeholder perceptions of the presence of some of the key theory elements in their daily organisational life. Some of these frames such as a resource-based view of the nonprofit stakeholders also fits nicely within the overarching systems framework since resource dependency highlights “the firm as an open system often necessarily dependent on other organizations as resource providers and subject to environmental influences” (Pfeffer and Salancik, 1978, cited in Daellenbach, Davies and Ashill, 2006: 80). However, due to methodological and sampling issues which foster limitations on generalization, the researcher is unable to directly tie those theories into the conceptual framework proposed herein. Indeed, some of the assumptions of these theories would seem to conflict at first glance. For example, resource dependencies might work against the pressures of institutional isomorphism, and functional complexity issues might complicate the assumptions of all the frames (Irvine, 2003: 20). Indeed, the very notion of thinking of a particular NGO as a “unitary functioning agency with a unitary goal” (Irvine, 2003: 19) has simply been a convenient assumption by the researcher yet to be borne out in the wider organisational research literature.

The theoretical lens chosen allowed the researcher to operate at the intersection of three distinct research literature domains, namely that of systems theory, NGOs, and public administration, and to draw insights from each of them when examining the research questions. However, any conceptual “filter” or lens (even one with multiple elements) is just a single way to view the phenomena in question, and the researcher must always be careful of the fallacy of misplaced concreteness which according to Alfred North Whitehead, is “the error of mistaking the abstract for the concrete” (Irvine, 2013: 5).

Over the course of this study, it has become clear to this researcher that a sharper multiple theoretical lens is now needed to extend the conceptual framework into a higher level model. In particular, the theoretical foundations underpinning the actions of the key stakeholders must come to be understood to a greater degree to reach that higher level of descriptive complexity which will allow theory building to proceed. In order to address the need for a multiple theoretical lens that produces greater clarity, the researcher suggests proceeding using a variety of subjectivist epistemologies which can include (but is not limited to) the following: social construction theory, phenomenology, interpretism, hermeneutics, radical humanism, radical structuralism, critical theory, and postmodernism. It will be from a diverse set of research efforts guided by epistemologies such as these, combined with specific insights from the fields of organisational theory, social philosophy, welfare economics, social justice and social inclusion, that stakeholder metaphors will sharpen and grow more distinct. However, this researcher proposes that a more positivist, model-centric approach can also be a way forward once the higher level model's structures have been firmed up. Indeed, the researcher can foresee a time where empirical work might dominate the research effort. For example, let us return to the issue of the relationship between the level of complexity and the resultant transactional costs borne by organisations. As McKelvey (1998: 18) suggests, mathematical and computational analysis could be undertaken following the data flows in real organisations. According to McKelvey (1998), this type of analysis firmly positioned by "Campbellian realism" (18) would strengthen the "epistemological footing" (18) for those researchers interested in using models to make predictions, which in this example would be predictions based on a theory of organisational data flows and organisational complexity levels.



Regardless of the frames eventually used, the researcher should make explicit the assumptions and limitations not only of each individual frame but also the limitations of the multiple lens in the dynamics of their frames interactions with each other. This concern might be especially relevant in the context of comparing public sector grants systems in a cross-cultural manner, wherein any particular conceptual filter might be prove itself less than optimal when looking at a system of multiple systems, each with its own embedded set of cultural meanings and interpretations.

### **6.3 Suggestions for further research**

To help frame the efforts for a revised, future research agenda, the researcher suggests work on three fronts. First, a deeper exploration of the commonalities amongst the majority of grants systems would now be in order (a goodly research effort concerning the councils and states that make up Australia—a more challenging effort on a global basis). The following may be considered to be among the likely contenders for the dominant features of such systems; however, further research will be required to determine what might be the typical mix of these and other elements:

- Zero-sum funding.
- Shrinking funding pools (given the lingering after-effects of the global financial crises).
- Dependency on government funding for nonprofit actors.
- Competition within the nonprofit sector. Limited cooperation between sectors.

- Increasing system complexity (chiefly driven by worldwide efforts by Governments towards risk minimization through regulatory and other compliance requirements).
- Complexity driving increasing transaction costs between Government and other major actors.
- Organisational evolutionary pressures to: 1) survive, 2) compete, and 3) grow.
- Systems pressure to maintain diversity (size, scale, and scope) amongst actors in each sector.
- Differing goals and motivations (e.g., capitalism, nonprofit social intervention, government bureaucracy) amongst stakeholders across sectors.
- Emergent behaviour amongst system actors (Is there a recognizable mathematical relationship between complexity and occurrences of these behaviours, such as gaming behaviour?)
- Grant “success” judged on organisation-by-organisation and grant-by-grant acquittals versus community outcomes.

Second, a refinement of several factors which arose in this study is needed. The concept of “complexity” must be operationalized. This will allow for this concept to flow across a much needed synthesis of theories to explain the workings of the various stakeholders found in grants systems. The broadened reach of new stakeholder metaphors, combined with the mapping of relationships within the system, will allow for the conceptual framework to be refined to a much higher level. In this way, work toward model-building and the testing of propositions (centred first perhaps on the “reverberations” of complexity within the system) can begin anew.

Third, the conceptual framework developed in this study can be used to explore “how a change to the magnitude of a variable of interest...impacts on the behaviour of the system as a whole” (Moizer and Tracey, 2010: 259). For example, a small change in focus from service

delivery to funding activities might have a disproportionate effect on a range of organisational factors such as organisational morale, retention, and reputation. Researchers and organisational decision makers can make use of this type of investigation to help determine the degree of influence of a number of key variables. Others might be interested in the investigating the consequences faced by NGOs who try to break out of the grant funding cycle entirely. Some may choose to extend the framework into additional funding areas such as contracts (Bull and Crompton, 2006: 49) or by tracing out the mixed-funding loops in a more explicit manner.

All of these extended research efforts have been further encapsulated under the following more nuanced research aims.

**Research Aim #1:** Extend the current conceptual framework of the Tasmanian grants system by incorporating the perceptions of more system stakeholders.

**Research Aim #2:** Evaluate whether the revised conceptual framework is extendable to other grants systems.

**Research Aim #3:** Critically assess the assertions (Meadows, 2008; Miller and Page, 2007) that leverage points can be used to either alter a system's behaviour or mitigate the effects of Systems Archetypes.

**Research Aim #4:** Analyze the contention that grants systems grow increasingly complex on many levels over time.

**Research Aim #5:** Demonstrate how complexity both constrains and encourages certain behaviours of system actors.

**Research Aim #6:** Extend Research Aim #5 by developing a "systems level measure" of innovation and apply that measure to the nonprofit sector operating under varying levels of complexity.

**Research Aim #7:** Explore the fundamental tension in grants systems over the desirability of predictability and stability versus the resulting emergent rigidity (Duit and Galaz, 2008: 320).

**Research Aim #8:** Investigate how grants systems respond to increased rigidity or brittleness—For example, how is the rate of organisational creation or dissipation affected by movement along this continuum? Is system collapse heralded by the passing of a theoretical tipping point?

**Research Aim #9.** Assess the proposition that the resultant complex interdependence amongst stakeholders has pushed this area of public policy (grants) into a fitness landscape of complicated localized programmatic solutions versus complex problem adaptation with wider system health outcomes as the shared goal. What are the cumulative consequences for the wider public policy system when sub-policies are allowed to “rest” at non-optimal fitness landscapes?

**Research Aim #10:** Develop testable propositions for each model generated to address the four questions raised in section 5.6.

## **6.4 Concluding remarks**

In this exploratory research effort, the first few tentative steps have been taken under a constructivist paradigm to “reconstruct” the social world of some of the key actors in the Tasmanian public sector grants system (Zucker, 2009: 11). This case study allowed the researcher to glimpse some interesting patterns emerge from the data and seek for the meaning behind those patterns for the system observed. Even preliminary analysis of this relatively small-scale grants system has led the researcher to propose that grants systems should be looked at as part of a larger complex adaptive system that governments use to tackle the “wicked problem” of securing the “general welfare” of the public. This welfare, with multiple subareas of need all competing for limited resources, is not a simple allocation problem with Pareto optimals. Rather, it is postulated that any Government’s public policy in toto resides on a performance landscape, and its specific sub-policy on grants (being a

relatively fast policy instrument to initiate) might be a rational, albeit instinctively reflexive, way to try to remain on a fitness landscape that a Government has determined to be “good enough”. Over time, however, every performance landscape shifts and currently we have no way to assess whether Governments are using grants to generate good solutions with good (system-wide) outcomes.

To increase our understanding from this point forward, the researcher has suggested numerous avenues of follow-up research, some focusing on finding key variables and their relations, some to sharpen the theoretical/conceptual coherence of the frameworks proposed herein, and others to help build “logical chains of evidence” in order to “assemble a coherent understanding of the data” (Zucker, 2009: 11). It is hoped that these continued research efforts move towards a plateau whereby theory development can start to take place around the localized issue of grants system efficacy and its place in the total public policy schema as well as the wider issue of social well-being and public policy making under the umbrella of scarce resources. In this way, we might eventually develop some kind of multi-objective optimization algorithm that would show the performance landscape of not only a grants subsystem but the entire government public policy system. However, reframing the problem as a complex allocation issue or a concern over multidimensional performance measures is not sufficient. A multiple theoretical lens that includes welfare economics, social justice, and social inclusion as well as the perspectives of a number of organisational theories is necessary to proceed. This multiple theoretical lens under a parsimonious systems framework also has the potential to open up new areas of research involving organisational complexity and fragility. Also, by taking a more user-oriented approach with an eye toward social well-being

measures as in the case of the scenario presented of a homeless young Tasmanian who would currently likely find herself living “on less than half of the recognised poverty line in Australia” despite maximum Government payments (Humphries, 2014: para. 5), the researcher can begin to anticipate new schemas and structural changes which might one day play a role in restructuring the social services allocation system. All in all, it is an interdisciplinary challenge that calls out for a diverse methodological approach. In this way, a new and enlarged perspective on grants in the 21<sup>st</sup> century can be forthcoming.

I hope this paper will kindle the type of dialogue that generates even more questions and inspires more research into social inequality and injustice embedded in social systems. Nested complex allocational systems addressing complex social problems is not an easy topic area to address in a single discipline, reductionist way. It will definitely take the involvement of numerous researchers from multiple disciplines to tease out all the underlying issues and to identify key causalities. It is hoped that this paper makes a good start on asking important questions and raising key issues.

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## Appendix 1: Ethics approval application and confirmation

## SOCIAL SCIENCE HREC MINIMAL RISK APPLICATION

**Important:** Please send an electronic copy of this application (may be unsigned) and all attachments by email to [Marilyn.Knott@utas.edu.au](mailto:Marilyn.Knott@utas.edu.au). All electronic copies should be submitted as Microsoft Word documents. A signed hard copy must also be sent to: Marilyn Knott, Private Bag 1, Hobart, 7001

If you have any questions, please call: 6226 7479

### 1. Title of proposed investigation

Please be concise but specific. Titles should be consistent with those used on any external funding application.

A Narrative Policy Analysis of the Tasmanian Community Grants Program

### 2. Expected commencement date:

1/9/2010

### Expected completion date of project

31/10/2013

### 3. Investigators:

A. Chief Investigator (Note: This is the researcher with ultimate responsibility for the project. The CI may not be a student)

Given Name

David

Surname

Adams

Staff Position:

PROFESSOR

Qualifications: B-7. HONS, M.A. M.PH.D. PH.D.

Staff ID:

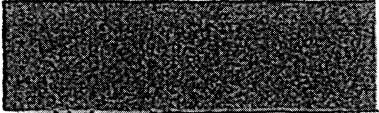
School &

Division:

MANAGEMENT

Contact

Address:

Telephone: 

Email: David.Clavin@utas.edu.au  
(Required)

**B. Co-Investigator(s)**

i) Given Name

Ian

Surname

Marsh

Staff Position: Professor; Honorary Fellow AIRC

Qualifications: MPA, AM, PhD

Staff ID: 02161074

Contact  
Address:

AIRC  
Level 5, Galleria Building  
33 Salamanca Place  
Hobart Tasmania 7000

Telephone: +61 3 6226-2568

Email: Ian.Marsh@utas.edu.au  
(Required)

ii) Given Name

Surname

Staff Position: \_\_\_\_\_

Qualifications: \_\_\_\_\_

Staff ID: \_\_\_\_\_

Contact  
Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Email: \_\_\_\_\_  
(Required)

**C. Student Investigator(s):**

i) Given Name

Peter James


Surname

Georgelas

Gender: M Date of Birth: 13/08/1966 Preferred Title: Dr

Student Number: 129477 Level: PhD

Contact Address: 

Telephone: 

Email: peterg7@utas.edu.au  
(Required)

ii) Given Name _____		Surname _____	
Gender: _____	Date of Birth: _____	Preferred Title: Mr / Ms / Miss /Mrs /Dr	
Student Number: _____		Level: Undergraduate / Hons / Masters / Postgraduate Diploma / PhD	
Contact Address: _____			
Telephone: _____		Email: _____	
(Required)			

<b>4. Purpose</b>			
What is the main purpose of this project?			
Research for Publication	<input type="checkbox"/>	Teaching	<input type="checkbox"/>
Research for Thesis	X	Quality Assurance/Audit <input type="checkbox"/>	

<b>5. Brief Outline of Proposal</b>	
<b>Aims:</b> Please give a concise description of the main objectives and/or hypothesis of the study. To examine how public policy initiatives like the Tasmanian Community Grants Program, which are shaped and guided by central and local agencies, evolve into complex systems that produce not only social benefits but also transaction costs and unintended social consequences.	
<b>Justification:</b> Explain why this particular study is worth doing; and the main advantages to be gained from it. Pioneering study exploring an under-researched subject; it should provide new insights into grants as an emergent property of government agencies in response to public need.	

<b>6. Review of Ethical Considerations</b>	
<i>Research is only considered to be Minimal Risk if you answer "No" to all the following questions. If you answer "Yes", you must complete a full application using the Social Sciences Full Application Form</i>	
Does your research involve the collection of human tissue samples? Human tissue samples include blood and other bodily fluids.	Yes <input type="checkbox"/> No X
Does your research involve the deception of participants, including concealing the purposes of research, covert observation and/or audio or visual recording without consent?	Yes <input type="checkbox"/> No X

Does your research involve the participation of people without their prior consent?

Yes ☐ No ☒

Does your research involve withholding from one group specific treatments or methods of learning from which they may benefit?

Yes ☐ No ☒

Does your research involve the access or use of medical records where participants can be identified or linked to their records in some way?

Yes ☐ No ☒

Does your research involve the use of ionising radiation?

Yes ☐ No ☒

Does your research involve the use of personal data obtained from a Commonwealth or State Government Department/Agency without the consent of the participants e.g. getting a list of addresses from the Australian Electoral Commission?

Yes ☐ No ☒

Does your research specifically target any of the following groups of people; (specifically target means they are the central group of participants, as opposed to potentially being incidentally recruited as part of the general population)

- Women who are pregnant and the human foetus
- Children and young people
- Those highly dependent on medical care who are unable to give consent
- People with a cognitive impairment, intellectual disability or mental illness
- People who may be involved in illegal activities or residents of custodial institutions
- Aboriginal and Torres Strait Islander Peoples
- People in other countries
- People who are unable to give informed consent because of difficulties in understanding an information sheet (i.e. non English speakers etc)

Yes ☐ No ☒

Does your research pose any risks for participants under medical care beyond those of their routine care? (Risks include not only physical risks but also psychological, spiritual and social harm or distress eg stigmatisation or discrimination)

Yes ☐ No ☒

Does your research involve the in depth discussion of any of the following topics whether by interview or as part of a questionnaire or survey;

- Parenting practices,
- Sensitive personal issues,
- Sensitive cultural issues,
- Grief death or serious traumatic loss,
- Depression mood states or anxiety,
- Gambling,
- Eating disorders,
- Illicit drug taking or substance abuse,
- Psychological disorders,
- Suicide,
- Gender identity and/or sexuality,
- Race and/or ethnic identity,
- Fertility and/or termination of pregnancy

Yes ☐ No ☒

Does your research involve the potential disclosure of illegal activities or criminal behaviour?

Yes ☐ No ☒

Are there any specific risks to the researcher (e.g., will the research involve the use of hazardous materials or be undertaken in a politically unstable area)?

Yes ☐ No ☒

If your research will take place in an overseas setting do any of the following apply: is the research to be undertaken in a politically unstable area? Does it involve sensitive cultural issues? And/or will the research take place in a country in which criticism of the government and institutions might put participants and/or researchers at risk?

Yes ☐ No ☒

Does your research explore potentially confidential business practices or seek to elicit potentially confidential commercial information from participants?

Yes ☐ No ☒

Does your research explore potentially divergent political views or involve the collection of politically sensitive information?

Yes ☐ No ☒

## 7. FUNDING

*Under the National Statement (2.2.6) a researcher must disclose:*

- *the amount and sources or potential sources of funding for the research; and*
- *financial or other relevant declarations of interest of researchers, sponsors or institutions*



Is this research being funded? Yes ☐ No X

If yes, please detail amount and source of funds (NS 5.2.7)

If this application relates to Grant(s) and/or Consultancies, please indicate the Title and Grant Number relating to it

If no external funding has been obtained, please indicate how any costs of research will be met:

Do the investigators have any financial interest in this project? Yes ☐ No X

If yes, please provide details

## 8. Participants

### Selection of Participants

*Clearly describe the experimental and, where relevant, control groups. Include details of number of subjects, sex, age range, and any special characteristics. Give a justification for your choice of participant group(s).*

Not applicable.

### Recruitment of Participants

*Give specific details about how participants will be recruited. Some questions to consider include:*

- *Are you recruiting through advertisements? If so, indicate where they will be placed and append a copy*
- *Are you recruiting through 3rd parties like associations, schools or clubs? If so, detail how you will approach the organisations and the process that the stakeholders will use to pass on information to potential participants. Please attach copies of letters of introduction, emails, and telephone preambles if appropriate*
- *Are the participants University or DHHS staff, or regular patients in a particular clinic? If so, detail how they will be approached i.e. through personal invitation, email etc*

Not applicable.

## 9. Data Identifiability

Which of the following best describes the identifiability of the data (including tissues) collected?

a) Non-identifiable data is data which have never been labelled with individual identifiers or from which identifiers have been permanently removed, and by means of which no specific individual can be identified. A subset of non-identifiable data are those that can be linked with other data so it can be know that they are about the same data subject, but the person's identity remains unknown.

X

b) Re-Identifiable data is data from which identifiers have been removed and replaced by a code, but it remains possible to re-identify a specific individual by, for example, using the code or linking different data sets

☐

c) Identifiable data is data where the identity of a specific individual can reasonable be ascertained. Examples of identifiers include the individuals name, image, date of birth or address, positions in some companies.

☐

If the information is Re-Identifiable or Identifiable, please give details of the information that will be collected. Also indicate how the confidentiality and anonymity of the participants will be protected:

#### 10. Relevant Literature References

Please list the most relevant and recent literature references, both by the investigator and/or by others, that support the justification for the study.

Current Tasmanian government efforts are underway to redesign the Grants program:

<http://www.tenders.tas.gov.au/domino/dtf/dtf.nsf/v-publications/72C9C8062D526A45CA2575A8000EA102>

#### 11. Procedures

Researchers should explain how the investigators intend to conduct the study including the methodological approach, the specific procedures employed and the methods of analysis of data. This should be consistent with the aims of the project.

Please provide detailed procedures (describe exactly what you are going to do):

Researcher will do a review of the Tasmanian Grants Program utilizing historical grants-related data from relevant government agencies.

Where is this project to be conducted? Researchers should attach a letter of agreement/support to participate from any organisation or department whose resources will be accessed as part of this project.

Please see 2 attached emails.

## 12. Monitoring

What mechanisms do you intend to implement to monitor the conduct and progress of the research project? (NS 5.5)

Regular meetings of student and supervisors, supervisor-monitored data collection.

## 13. Data Storage

All raw data (including blood and/or tissue) must be held by the responsible institution (i.e. UTas, DHHS, AMC) for a period of at least five (5) years from the date of the first publication (this includes publication of the thesis). The data may be kept for longer than five (5) years but must eventually be destroyed, ~~unless explicit consent is obtained from the participants to archive their data.~~

Where will the data be kept?

UTas

How will the data be kept secure?

Secure University servers.

How and when will the data be destroyed?

As per UTas guidelines for PhD student data.

Will any personal information be collected from sources other than the subjects themselves (Please refer to Privacy Legislation Section 95A - National Privacy Principles)?

No X Yes ☐

If yes, please detail including a declaration of the sources of the Information i.e. medical records, databases, registries, lists of members from Associations, clubs etc:

Will data on individual subjects be obtained from any Commonwealth Government agency without seeking the consent of the individuals?

No ☒ Yes ☐

*If yes, please detail including a declaration concerning which agency and what information is being sought. If you wish to obtain data containing personal information from any Commonwealth Government agency state the names of these agencies, describe the nature of this data and explain the justification for obtaining this information. At the Commonwealth level the collection, storage, use and disclosure of personal information by Commonwealth agencies is regulated by the Privacy Act 1988. The NHMRC requires the HREC to provide information on the cases in which it has approved access to, and use of, data held by Commonwealth Government agencies.*

#### 14. Information Sheet

With few exceptions, it is essential that subjects are provided with an information sheet about the study in which they are being asked to participate. The Chair of the HREC will pay close attention to the information that is given.

A copy of the proposed information sheet must be attached to your application form.

*(Information Sheet Pro forma is available on our website at:*

[http://www.research.utas.edu.au/human\\_ethics/social\\_science\\_forms.htm](http://www.research.utas.edu.au/human_ethics/social_science_forms.htm))

Is your proposed Information sheet attached to this application?

Yes ☐ No ☒ (please provide an explanation as to why) No subjects.

#### 15. Consent Form

Written evidence of consent is usually required for research involving human subjects. If written consent is to be obtained a copy of the actual consent form that you propose to use. In certain circumstances, the HREC may give approval for consent to be waived (see Chapter 2.3 of the *National Statement*). While written consent is the norm, there are various kinds of studies for which other procedures for obtaining consent are more appropriate (See Chapter 2.2 of *National Statement*).

If you consider that written consent is inappropriate for this project please state your reasons clearly referring to the appropriate sections of the *National Statement*.

*(Consent Form Pro forma is available on our website at:*

[http://www.research.utas.edu.au/human\\_ethics/social\\_science\\_forms.htm](http://www.research.utas.edu.au/human_ethics/social_science_forms.htm))

Is a proposed consent form attached to this application?

Yes ☐ No ☒

If no, please explain.  
Not applicable.

#### 16. Approvals from other Departments / Institutions

Does this project need the approval of any institution other than the University of Tasmania and/or the Department of Health and Human Services (e.g., Department of Education, particular wards in hospitals, prisons, government institutions, or businesses)?

No ☒ Yes ☐

If yes, Please indicate below the Institutions involved and the status of the Approval.

Name of Other Institution(s):

Status:

Does this project need the approval of any other HREC?

If yes, Please indicate below which HREC and the status of the application.

No ☐ Yes ☐ (please detail):

Other HREC(s):

Status:

#### 17. Declarations

The Head of School or the Head of Department is required to sign the following statement of scientific merit:

"This proposal has been considered and is sound with regard to its merit and methodology."

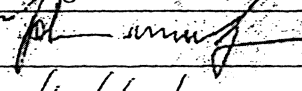
The Head of School or Head of Department's signature on the application form indicates that he/she has read the application and confirms that it is sound with regard to:

(i) educational and/or scientific merit and

(ii) research design and methodology.

This does not preclude the Committee from questioning the research merit or methodology of any proposed project.


If the Head of School/Department is one of the investigators, this statement must be signed by an appropriate person. This may be the Head of School/Department in a related area or the Dean. The certification of scientific merit may not be given by an investigator on the project.

Name	Dr. John Byrom
Position	Acting Head of School of Management, UTas
Signature	
Date	4/6/10

## Conformity with NHMRC Guidelines

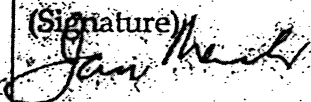
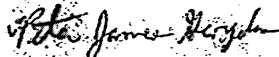
The *Chief Investigator* is required to sign the following statement:

I have read and understood the *National Statement on Ethical Conduct in Human Research 2007* and the *Australian Code of Conduct for Responsible Research 2007*. I accept that I, as Chief Investigator, am responsible for ensuring that the investigation proposed in this form is conducted fully within the conditions laid down in the *National Statement* and any other conditions specified by the HREC.

Name of chief investigator	David Adams
Signature	
Date	27/5/10

## Signatures of Other Investigators

I acknowledge my involvement in the project and I accept the role of the above researcher as chief investigator of this study.

(Name)	(Signature)	(Date)
Ian Marsh		
(Name)	(Signature)	(Date)
		23/05/2010
(Name)	(Signature)	(Date)
Peter James Georgelas		7/12/2009

## CHECKLIST

Please ensure that the following documents are included with your application:

Information sheet/s (if not attached ensure you have explained why in Section 14)	X
Consent form/s (if not attached ensure you have explained why in Section 15)	X
Questionnaires (if applicable)	X
Interview schedules (if applicable)	X
A copy of any permissions obtained i.e. Other HREC, Other Institutions (if applicable)	X
All documents relevant to the study, including all information provided to subjects.	X
Telephone Preambles (if applicable)	X
Recruitment Advertisements (if applicable)	X
Email Contents (if applicable)	X

**TO SUBMIT THIS APPLICATION:**

1. You must email an electronic copy of this application form (may be unsigned) and all study documents to [Marilyn.Knott@utas.edu.au](mailto:Marilyn.Knott@utas.edu.au) (please submit all forms as Microsoft Word documents).
2. You must also send a signed hard copy of this application form and all study documents to Marilyn Knott, Private Bag 1, Hobart, 7001.

Has the 'Statement of Scientific Merit' been signed    X

Have all investigators signed the form?                    X

Social Science Ethics Officer  
Private Bag 01 Hobart  
Tasmania 7001 Australia  
Tel: (03) 6226 2764  
Fax: (03) 6226 7148  
Marilyn.Knott@utas.edu.au



MEMORANDUM

HUMAN RESEARCH ETHICS COMMITTEE (TASMANIA) NETWORK

**MINIMAL RISK ETHICS APPLICATION APPROVAL**

16 June 2010

Professor David Adams  
Management  
Private Bag 1316  
Hobart

Ethics Reference: H11257

A narrative policy analysis of the Tasmanian Community Grants Program

Student: Peter Georgelas (PhD)

Dear Professor Adams

Acting on a mandate from the Tasmania Social Sciences HREC, the Chair of the committee considered and approved the above project on 13 June 2010.

Please note that this approval is for four years and is conditional upon receipt of an annual Progress Report. Ethics approval for this project will lapse if a Progress Report is not submitted.

The following conditions apply to this approval. Failure to abide by these conditions may result in suspension or discontinuation of approval.

1. It is the responsibility of the Chief Investigator to ensure that all investigators are aware of the terms of approval, to ensure the project is conducted as approved by the Ethics Committee, and to notify the Committee if any investigators are added to, or cease involvement with, the project.
2. Complaints: If any complaints are received or ethical issues arise during the course of the project, investigators should advise the Executive Officer of the Ethics Committee on 03 6226 7479 or [human.ethics@utas.edu.au](mailto:human.ethics@utas.edu.au).

A PARTNERSHIP PROGRAM IN CONJUNCTION WITH THE DEPARTMENT OF HEALTH AND HUMAN SERVICES



3. Incidents or adverse effects: Investigators should notify the Ethics Committee immediately of any serious or unexpected adverse effects on participants or unforeseen events affecting the ethical acceptability of the project.
4. Amendments to Project: Modifications to the project must not proceed until approval is obtained from the Ethics Committee. Please submit an Amendment Form (available on our website) to notify the Ethics Committee of the proposed modifications.
5. Annual Report: Continued approval for this project is dependent on the submission of a Progress Report by the anniversary date of your approval. You will be sent a courtesy reminder closer to this date. Failure to submit a Progress Report will mean that ethics approval for this project will lapse.
6. Final Report: A Final Report and a copy of any published material arising from the project, either in full or abstract, must be provided at the end of the project.

Yours sincerely

*M. Horder*

Melanie Horder  
Ethics Officer

## Appendix 2: Pilot questionnaire

You are being invited to participate in a research study whose purpose is to seek a better understanding of the public sector grants system in Tasmania and how such a system could be improved. This research project titled, Public Sector Grants: An Analysis of Complexity in Modern Public Administration, is one of the first to explore this important area.

This study is being conducted primarily by Peter James Georgelas to fulfill the requirements of a Doctor of Philosophy in Management at the University of Tasmania. The study is being overseen by Professor David Adams, Professor, School of Management, University of Tasmania and Professor Ian Marsh, Lecturer, School of Government, University of Tasmania. Additional researchers may be involved in the data gathering stage of this study.

Your contribution to this research would initially consist in answering a questionnaire-based survey of 27 questions which should take approximately 60 minutes. This survey can be conducted on the premises of your organization or can be conducted by telephone should you prefer. If the research team would like to further explore issues raised by your survey responses, you would be contacted for your permission and any additional contact would likely take the form of either: 1) an in-person, taped, semi-structured interview of no longer than 30 minutes duration, or 2) a brief series of back-and-forth questions and responses delivered by email.

All participants and their respective organizations shall remain confidential. All data will be used in a form that will make it impossible to determine the identity of the individual responses. Participation is strictly voluntary and participants are free to not answer any questions they choose and can withdraw their participation at any time.

The original paper survey questionnaires will be stored in a locked/secured area. Digitally recorded data and databases will be kept on password-protected computers. All data will be securely stored against access by persons other than the research team for a period of five years, in accordance with the requirements of the University of Tasmania. After that time, paper data will be shredded and both recorded and digital data will be erased.

Participants will be given an opportunity to request a summary report of the overall findings. If you have any questions or concerns about this study, you may contact any of the key research team members below:

Dr. David Adams: [David.Adams@utas.edu.au](mailto:David.Adams@utas.edu.au) or (03) 6324-3583.

Dr. Ian Marsh: [Ian.Marsh@utas.edu.au](mailto:Ian.Marsh@utas.edu.au) or (03) 6226-2568.

Peter James Georgelas: [Peter.Georgelas@utas.edu.au](mailto:Peter.Georgelas@utas.edu.au) or (03) 6226-7379.

## Questionnaire

<b>1.</b>	Please answer as many of the following as you want.	
<i>Name of person completing this survey.</i>		
<i>Job Title</i>		
<i>Phone Number</i>		
<i>Email address</i>		
<i>Full registered name of your organization</i>		
<i>City/Town</i>		
<i>Post Code</i>		
<i>Organisation's website address (if applicable)</i>		
<i>Year your organization was established</i>		

<b>2.</b>	The Australian Bureau of Statistics places Not-For-Profit organisations into one of 12 categories. Which of its categories below BEST describes the focus of your organization? Please tick just ONE box.	
	<input type="checkbox"/>	<i>Culture and Recreation</i>
	<input type="checkbox"/>	<i>Education and Research</i>
	<input type="checkbox"/>	<i>Health</i>
	<input type="checkbox"/>	<i>Social Services</i>
	<input type="checkbox"/>	<i>Environment</i>
	<input type="checkbox"/>	<i>Development and Housing</i>
	<input type="checkbox"/>	<i>Law, Advocacy and Politics</i>
	<input type="checkbox"/>	<i>Philanthropic Intermediaries and Voluntarism Promotion</i>
	<input type="checkbox"/>	<i>International</i>
	<input type="checkbox"/>	<i>Religion</i>
	<input type="checkbox"/>	<i>Business and Professional Associations, Unions</i>
	<input type="checkbox"/>	<i>Not Elsewhere Classified</i>

<b>3.</b>	Please indicate the total annual income for your organisation for the financial year and/or calendar year 2010-2011.	
	<input type="checkbox"/>	<i>Less than \$100,000</i>
	<input type="checkbox"/>	<i>Between \$100,000 and \$1,000,000</i>
	<input type="checkbox"/>	<i>Between \$1,000,000 and \$10,000,000</i>
	<input type="checkbox"/>	<i>Over \$10,000,000</i>

<b>4.</b>	Please estimate how many paid and unpaid people work for your organisation.	
	<i>Paid staff (full-time equivalent)</i>	_____ people
	<i>Paid staff (part-time)</i>	_____ people
	<i>Voluntary staff (full-time equivalent)</i>	_____ people
	<i>Voluntary staff (part-time)</i>	_____ people
	<i>Paid Board/Management Committee</i>	_____ people
	<i>Voluntary Board/Management Committee</i>	_____ people

<b>5.</b>	Please estimate how many paid and unpaid people in your organisation work in the following areas.	
	<i>Administration and finance</i>	_____ paid people _____ unpaid people
	<i>Communications/Media</i>	_____ paid people _____ unpaid people
	<i>Management</i>	_____ paid people _____ unpaid people
	<i>Policy, research or advocacy</i>	_____ paid people _____ unpaid people
	<i>Service delivery</i>	_____ paid people _____ unpaid people
	<i>Other</i>	_____ paid people _____ unpaid people

<b>6.</b>	Your organisation's <b>primary</b> source of funding in the financial year and/or calendar year 2010-2011 comes from which of the following? Please tick just ONE box.	
	<input type="checkbox"/>	<i>Commonwealth government</i>
	<input type="checkbox"/>	<i>State or territory government</i>
	<input type="checkbox"/>	<i>Local government</i>
	<input type="checkbox"/>	<i>Client fees</i>
	<input type="checkbox"/>	<i>Donations</i>
	<input type="checkbox"/>	<i>Corporate funding</i>
	<input type="checkbox"/>	<i>Self-funding</i>
	<input type="checkbox"/>	<i>Other income (e.g., management fees, interest, managed fund distributions, net profit on sale of property, plant and equipment, etc.)</i>

<b>7.</b>	Please describe the key target groups that your organization focuses on.
<hr/> <hr/> <hr/> <hr/>	

<b>8.</b>	For the financial year and/or calendar year 2010-2011, please estimate the percentage of people accessing your services whose primary source of income was:	
	<i>Pensions &amp; Benefits</i>	_____ %
	<i>Low Income Earners</i>	_____ %
	<i>Other Salary (Wage Earners)</i>	_____ %
	<i>Retirees</i>	_____ %

<b>9.</b>	What other sources of income does your organisation receive from the government (Commonwealth, State, or Local) either on a regular or ad hoc basis?
<hr/> <hr/> <hr/> <hr/> <hr/>	

<b>10.</b>	Who has the <b>primary</b> responsibility in your organisation for filling out government grant applications? Please tick just ONE box.	
	<input type="checkbox"/>	<i>Grants Officer</i>
	<input type="checkbox"/>	<i>A manager</i>
	<input type="checkbox"/>	<i>A full-time employee</i>
	<input type="checkbox"/>	<i>A part-time employee</i>
	<input type="checkbox"/>	<i>A volunteer</i>
	<input type="checkbox"/>	<i>An outside consultant</i>
	<input type="checkbox"/>	<i>Other (please specify): _____</i>



<b>11.</b>	Where is your organisation MOST likely to find out about government grant opportunities? Please tick just ONE box.	
	<input type="checkbox"/>	<i>From the government directly (e.g., letter, email, phone call)</i>
	<input type="checkbox"/>	<i>From a government website</i>
	<input type="checkbox"/>	<i>Newspaper ad</i>
	<input type="checkbox"/>	<i>Radio ad</i>
	<input type="checkbox"/>	<i>Television ad</i>
	<input type="checkbox"/>	<i>Online (e.g., from a non-govt. website or social media site you found)</i>
	<input type="checkbox"/>	<i>From an outside consultant</i>
	<input type="checkbox"/>	<i>From people in an organisation like your own</i>
	<input type="checkbox"/>	<i>Through word of mouth</i>
	<input type="checkbox"/>	<i>Through past experience applying for a particular grant</i>
	<input type="checkbox"/>	<i>Other (please specify): _____</i>

<b>12.</b>	Please indicate how much you agree or disagree with each of the following statements.					
		Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
	<i>There are no government grants that apply to our organisation.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Grants usually go to larger and more well-known organisations.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Without government connections, it is very hard to get grants.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>The information the government provides about the grants we are interested in is usually unclear or contradictory.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Our organisation needs money but we do not have a specific project that a grant would apply to.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>13.</b>	For the financial year and/or calendar year 2010-2011, how many government grants did your organization apply for? Please tick just ONE box.	
	<input type="checkbox"/>	0
	<input type="checkbox"/>	1-5
	<input type="checkbox"/>	6-10
	<input type="checkbox"/>	11-15
	<input type="checkbox"/>	16-20
	<input type="checkbox"/>	21-25
	<input type="checkbox"/>	26-30
	<input type="checkbox"/>	31-35
	<input type="checkbox"/>	36-40
	<input type="checkbox"/>	41-45
	<input type="checkbox"/>	46-50
	<input type="checkbox"/>	Over 50

<b>14.</b>	The following questions refer to your organisation in the financial year and/or calendar year 2010-2011.	
	<i>How many grants (regardless of their source) were you awarded?</i>	_____ grants
	<i>In <u>total</u>, how much money were all the grants worth on an annualized basis? (You can provide an estimate if an exact per annum number is not available.)</i>	_____ AUD\$

<b>15.</b>	Was there a gap between the total dollar amount of government grants awarded your organisation in the financial year and/or calendar year 2010-2011 and the money needed to fulfill your organisation's stated outcomes in its government grant applications?	
	<i>There was no gap.</i>	<input type="checkbox"/>
	<i>There was a gap.</i>	<input type="checkbox"/>
	<i>If there was a gap, what was the total gap amount? (You can provide an estimate if an exact number is not available.)</i>	_____ AUD\$

<b>16.</b>	If you answered that there was a gap in Question #19, how did your organisation try to fill that gap for the financial year and/or calendar year 2010-2011? Please tick as many boxes as apply.	
	<input type="checkbox"/>	<i>Applied for non-government grants</i>
	<input type="checkbox"/>	<i>Sought help/partnerships with other like-minded organisations</i>
	<input type="checkbox"/>	<i>Started/ramped up public donations campaign</i>
	<input type="checkbox"/>	<i>Held various public fundraising functions</i>
	<input type="checkbox"/>	<i>Sought out philanthropic donations</i>
	<input type="checkbox"/>	<i>Offered dues-paying memberships in our organisation</i>
	<input type="checkbox"/>	<i>Pursued donations/sponsorships from private organisations</i>
	<input type="checkbox"/>	<i>Applied organisation's other income to close gap</i>
	<input type="checkbox"/>	<i>Other (please specify): _____</i>

<b>17.</b>	The typical grant proposal contains eight major sections. For each section below, please estimate the total hours it takes to complete ONE grant proposal that your organisation might typically apply for. (If more than one person in your organisation completes a section, accumulate everyone's time for that section.)	
	<i>Need section (describes the need for the project)</i>	_____ hours
	<i>Projected Results section (what will the project accomplish?)</i>	_____ hours
	<i>Methodology (what exactly is the project going to do?)</i>	_____ hours
	<i>Staff (who are going to work on the project?)</i>	_____ hours
	<i>Project Assessment (how will you know if the project is working?)</i>	_____ hours
	<i>Budget (how much will the project cost?)</i>	_____ hours
	<i>Qualifications (describes your ability to carry out the project)</i>	_____ hours
	<i>Sustainability (what will happen when the grant ends?)</i>	_____ hours

<b>18.</b>	Please estimate the total times your organisation needed to contact the government for assistance in completing each section below for ONE typical grant your organisation applied for in the financial year and/or calendar year 2010-2011. Please tick just ONE box <u>per section</u> .
------------	--

	<i>Need section (describes the need for the project)</i>	<input type="checkbox"/>	0 times
		<input type="checkbox"/>	1-3 times
		<input type="checkbox"/>	4-6 times
		<input type="checkbox"/>	7-9 times
		<input type="checkbox"/>	10 times or more
	<i>Projected Results section (what will the project accomplish?)</i>	<input type="checkbox"/>	0 times
		<input type="checkbox"/>	1-3 times
		<input type="checkbox"/>	4-6 times
		<input type="checkbox"/>	7-9 times
		<input type="checkbox"/>	10 times or more
	<i>Methodology (what exactly is the project going to do?)</i>	<input type="checkbox"/>	0 times
		<input type="checkbox"/>	1-3 times
		<input type="checkbox"/>	4-6 times
		<input type="checkbox"/>	7-9 times
		<input type="checkbox"/>	10 times or more
	<i>Staff (who are going to work on the project?)</i>	<input type="checkbox"/>	0 times
		<input type="checkbox"/>	1-3 times
		<input type="checkbox"/>	4-6 times
		<input type="checkbox"/>	7-9 times
		<input type="checkbox"/>	10 times or more
<i>Project Assessment (how will you know if the project is working?)</i>	<input type="checkbox"/>	0 times	
	<input type="checkbox"/>	1-3 times	
	<input type="checkbox"/>	4-6 times	
	<input type="checkbox"/>	7-9 times	
		<input type="checkbox"/>	10 times or more

<b>18. (cont.)</b>	Please estimate the total times your organisation needed to contact the government for assistance in completing each section below for ONE typical grant your organisation applied for in the financial year and/or calendar year 2010-2011. Please tick just ONE box <u>per section</u> .		
	<i>Budget (how much will the project cost?)</i>	<input type="checkbox"/>	<i>0 times</i>
		<input type="checkbox"/>	<i>1-3 times</i>
		<input type="checkbox"/>	<i>4-6 times</i>
		<input type="checkbox"/>	<i>7-9 times</i>
		<input type="checkbox"/>	<i>10 times or more</i>
	<i>Qualifications (describes your ability to carry out the project)</i>	<input type="checkbox"/>	<i>0 times</i>
		<input type="checkbox"/>	<i>1-3 times</i>
		<input type="checkbox"/>	<i>4-6 times</i>
		<input type="checkbox"/>	<i>7-9 times</i>
		<input type="checkbox"/>	<i>10 times or more</i>
	<i>Sustainability (what will happen when the grant ends?)</i>	<input type="checkbox"/>	<i>0 times</i>
		<input type="checkbox"/>	<i>1-3 times</i>
		<input type="checkbox"/>	<i>4-6 times</i>
		<input type="checkbox"/>	<i>7-9 times</i>
		<input type="checkbox"/>	<i>10 times or more</i>

<b>19.</b>	For a typical grant your organisation applied for in the financial year and/or calendar year 2010-2011, please estimate the TOTAL number of hours talking to each of the following government personnel.	
<i>Administration/Finance personnel (i.e., staff who helped with technical details)</i>	_____ hours	
<i>Policy personnel (i.e., staff who could explain the purpose of the grant)</i>	_____ hours	
<i>Other personnel</i>	_____ hours	



<b>20.</b>	For a typical grant in the financial year and/or calendar year 2010-2011, how long did it take for you to receive formal notice about its final outcome after you submitted your grant application? Please tick just ONE box.	
	<input type="checkbox"/>	<i>Less than a month</i>
	<input type="checkbox"/>	<i>More than 1 month but less than 2 months</i>
	<input type="checkbox"/>	<i>More than 2 months but less than 3 months</i>
	<input type="checkbox"/>	<i>More than 3 months but less than 4 months</i>
	<input type="checkbox"/>	<i>More than 4 months but less than 5 months</i>
	<input type="checkbox"/>	<i>More than 5 months but less than 6 months</i>
	<input type="checkbox"/>	<i>More than 6 months but less than 7 months</i>
	<input type="checkbox"/>	<i>More than 7 months but less than 8 months</i>
	<input type="checkbox"/>	<i>More than 8 months but less than 9 months</i>
	<input type="checkbox"/>	<i>More than 9 months but less than 10 months</i>
	<input type="checkbox"/>	<i>More than 10 months but less than 11 months</i>
	<input type="checkbox"/>	<i>More than 11 months but less than 12 months</i>
	<input type="checkbox"/>	<i>More than 12 months</i>

<b>21.</b>	The following questions refer to your organisation in the financial year and/or calendar year 2010-2011.	
	<i>How many <u>different</u> government grant reporting systems were you subject to?</i>	_____ <i>reporting systems</i>
	<i>In <u>total</u> for this period, how many times did the government ask for adjustments in methods, evaluation or budget regarding your grant(s)? (You can provide an estimate if exact number is not available.)</i>	_____ <i>times</i>

<b>22.</b>	A typical grant compliance regime covers several organisational areas. For each area below, please estimate the total hours it takes to complete that ONE average grant compliance area concerning ONE grant from beginning to end. (If more than one person in your organisation helps with an issue, accumulate everyone's time for that issue.)	
	<i>Reviewing processes for grant administration, monitoring and reporting of grant activities.</i>	_____ hours
	<i>Financial Management Systems</i>	_____ hours
	<i>Procurement Systems</i>	_____ hours
	<i>Time and Effort Reporting Systems</i>	_____ hours
	<i>Monitoring Activities</i>	_____ hours
	<i>Adherence to terms &amp; conditions of grant</i>	_____ hours
	<i>Formal Audit</i>	_____ hours
	<i>Non-compliance/Corrective Actions</i>	_____ hours

<b>23.</b>	For all the government grants your organisation were awarded in the financial year and/or calendar year 2010-2011, could you do each of the following <u>online</u> for ALL of them?		
		Yes	No
	<i>Research the grants</i>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Contact appropriate government personnel for help</i>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Apply for the grants</i>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Submit performance reports</i>	<input type="checkbox"/>	<input type="checkbox"/>

<b>24.</b>	For any government grant in the financial year and/or calendar year 2010-2011 for which you were NOT awarded, which of the following reasons for rejection were provided as feedback. Please tick as many boxes that apply.	
	<input type="checkbox"/>	<i>Poor grammar, spelling errors, or factual errors.</i>
	<input type="checkbox"/>	<i>Cost padding/insufficient cost research.</i>
	<input type="checkbox"/>	<i>Failure to follow instructions precisely.</i>
	<input type="checkbox"/>	<i>Failure to clearly state goals.</i>
	<input type="checkbox"/>	<i>Failure to meet submission deadline.</i>
	<input type="checkbox"/>	<i>Grant proposal incompatible with agency.</i>
	<input type="checkbox"/>	<i>No business plan included.</i>
	<input type="checkbox"/>	<i>Failure to show benefits/results of proposal.</i>
	<input type="checkbox"/>	<i>No long-term plan.</i>
	<input type="checkbox"/>	<i>Unclear how you intend to support project after grant money runs out.</i>
	<input type="checkbox"/>	<i>Proposal is too generic.</i>
	<input type="checkbox"/>	<i>Low quality presentation/issues with cover letter, look of materials, etc.</i>
	<input type="checkbox"/>	<i>Proposal failed to show how it is unique, original, or better than anyone else's.</i>
	<input type="checkbox"/>	<i>Unrealistic financial goals.</i>
	<input type="checkbox"/>	<i>There were not enough funds to go around.</i>
	<input type="checkbox"/>	<i>Others had better submissions.</i>
	<input type="checkbox"/>	<i>Other (please specify): _____</i>

<b>25.</b>	Which government grant-related issue is your organisation MOST concerned about? Please tick just ONE box.	
	<input type="checkbox"/>	<i>Figuring out which grants we should apply for takes too much time.</i>
	<input type="checkbox"/>	<i>The application process is too complex.</i>
	<input type="checkbox"/>	<i>We have to use specialized personnel to apply for grants.</i>
	<input type="checkbox"/>	<i>The quality of help the government gives us during the application process.</i>
	<input type="checkbox"/>	<i>The gaps that are left between the grants we get and the outcomes we would like to achieve.</i>
	<input type="checkbox"/>	<i>The reporting requirements are too burdensome.</i>
	<input type="checkbox"/>	<i>The reporting requirements are changing the very nature of our organisation (e.g., we are becoming more bureaucratic)</i>
	<input type="checkbox"/>	<i>If we have to compete for grants, we have a harder time coordinating with other like-minded organisations.</i>
	<input type="checkbox"/>	<i>The time we spend on grants means less time with our clients.</i>
	<input type="checkbox"/>	<i>Other (please specify): _____</i>

<b>26.</b>	May we contact you about this survey for follow-up if needed?	
	<input type="checkbox"/>	Yes
	<input type="checkbox"/>	No

<b>27.</b>	Would you like a copy of the summary report?	
	<input type="checkbox"/>	Yes
	<input type="checkbox"/>	No

Thank you for filling out this questionnaire!

Please email any additional comments regarding this survey to [Peter.Georgelas@utas.edu.au](mailto:Peter.Georgelas@utas.edu.au).

## GLOSSARY

Wording	Definition
Calendar Year	<p>“Generally speaking, a <b>calendar year</b> begins on the New Year's Day of the given calendar system and ends on the day before the following New Year's Day.” The Australian calendar year runs from January 1 through December 31.</p> <p>Because some grant periods can extend beyond the calendar year, the term “financial year and/or calendar year” has been adopted for this study.</p> <p>Calendar year. (2011, June 23). In <i>Wikipedia, The Free Encyclopedia</i>. Retrieved 08:30, July 19, 2011, from <a href="http://en.wikipedia.org/w/index.php?title=Calendar_year&amp;oldid=435754842">http://en.wikipedia.org/w/index.php?title=Calendar_year&amp;oldid=435754842</a></p>
Complexity	<p>“<b>Complexity</b> theory has been used extensively in the field of strategic management and organizational studies....In a CAS [complex adaptive system], the system and the agents co-evolve; the system lightly constrains agent behaviour, but the agents modify the system by their interaction with it.”</p> <p>Complexity theory and organizations. (2011, June 1). In <i>Wikipedia, The Free Encyclopedia</i>. Retrieved 08:31, July 19, 2011, from <a href="http://en.wikipedia.org/w/index.php?title=Complexity_theory_and_organizations&amp;oldid=432081625">http://en.wikipedia.org/w/index.php?title=Complexity_theory_and_organizations&amp;oldid=432081625</a></p>
Contract	<p>“A <b>contract</b> is a legally enforceable agreement between two or more parties with mutual obligations, which may or may not have elements in writing....The remedy at law for breach of contract is usually "damages" or monetary compensation. In equity, the remedy can be specific performance of the contract or an injunction.”</p> <p>Contract. (2011, July 11). In <i>Wikipedia, The Free Encyclopedia</i>. Retrieved 09:28, July 19, 2011, from <a href="http://en.wikipedia.org/w/index.php?title=Contract&amp;oldid=438870060">http://en.wikipedia.org/w/index.php?title=Contract&amp;oldid=438870060</a></p>
Cooperative Agreement	<p>A <b>cooperative agreement</b> is “a support mechanism used when there will be substantial...[government] scientific or programmatic involvement. Substantial involvement means that, after award, scientific or program staff will assist, guide, coordinate, or participate in project activities.”</p> <p>FAQ - Applying for a Grant or Cooperative Agreement. (2010, December 7) In U.S. Department of Health and Human Services, from <a href="http://www.fda.gov/ForFederalStateandLocalOfficials/CooperativeAgreementsCRADAsGrants/ucm234535.htm#three">http://www.fda.gov/ForFederalStateandLocalOfficials/CooperativeAgreementsCRADAsGrants/ucm234535.htm#three</a></p>

Financial Year	<p>“The Australian government's <b>financial year</b> begins on July 1 and concludes on June 30 of the following year. This applies for personal income tax and the federal budget, and most companies are required to use it as their own. The year ending on the 30th June, 2011 is referred to as "financial year 2010-11" or sometimes just "financial year 2011".</p> <p>Because some grant periods can extend beyond the financial year, the term “financial year and/or calendar year” has been adopted for this study.</p> <p>Fiscal year. (2011, June 29). In <i>Wikipedia, The Free Encyclopedia</i>. Retrieved 08:32, July 19, 2011, from <a href="http://en.wikipedia.org/w/index.php?title=Fiscal_year&amp;oldid=436891149">http://en.wikipedia.org/w/index.php?title=Fiscal_year&amp;oldid=436891149</a></p>
Government	<p><b>Government</b> in this study is used to refer to all three levels of the Australian government: Commonwealth, State/Territory, and Local.</p>
Government Grant	<p>A <b>government grant</b> is “an award of financial assistance in the form of money by... government to an eligible grantee with no expectation that the funds will be paid back. The term does not include technical assistance which provides services instead of money, or other assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct appropriations.”</p> <p>Contrast this definition with the more complex or legally binding mechanisms of a <u>Contract</u>, <u>Cooperative Agreement</u>, or <u>Partnership Funding</u>.</p> <p>Government Grants. In Entrepreneur.com Retrieved 08:33, July 19, 2011, from <a href="http://www.entrepreneur.com/encyclopedia/term/82162.html">http://www.entrepreneur.com/encyclopedia/term/82162.html</a></p>
Partnership Funding	<p><b>Partnership funding</b> refers to “a grant or funding program where various "partners" have input into the project. In some cases, this may refer to joint funding between government and philanthropic sources. It may also refer to partners who give resources in kind.”</p> <p>Partnership Funding (2007, July 24). In PhilanthropyWiki. Retrieved 08:34, July 19, 2011, from <a href="http://philanthropywiki.org.au/index.php/Partnership_Funding">http://philanthropywiki.org.au/index.php/Partnership_Funding</a></p>
Project Budget	<p>“The <b>project budget</b> is a prediction of the costs associated with a particular company [or organizational] project. These costs include labor, materials, and other related expenses. The project budget is often broken down into specific tasks, with task budgets assigned to each.”</p> <p>Budget. (2011, July 7). In <i>Wikipedia, The Free Encyclopedia</i>. Retrieved 09:25, July 19, 2011, from <a href="http://en.wikipedia.org/w/index.php?title=Budget&amp;oldid=438214156">http://en.wikipedia.org/w/index.php?title=Budget&amp;oldid=438214156</a></p>

### Appendix 3: Introductory email accompanying written questionnaires

Good afternoon,

Your organization is invited to participate in a research study whose purpose is to seek a better understanding of the public sector grants system in Tasmania and how such a system could be improved. This research project titled, Public Sector Grants: An Analysis of Complexity in Modern Public Administration is one of the first to explore this important area. This study is being conducted primarily by Peter Georgelas ([peterg7@utas.edu.au](mailto:peterg7@utas.edu.au)) to fulfill the requirements of a Doctor of Philosophy in Management at the University of Tasmania. This research is being supervised by Prof. David Adams ([David.Adams@utas.edu.au](mailto:David.Adams@utas.edu.au)), Professor of Management at the University of Tasmania.

Who would be interviewed? We would like to interview two people: 1) your grants officer--the person in your organisation whose primary responsibility is to oversee your entire government grants application and fulfillment process, and 2) a senior manager or CEO who has policy responsibilities. Following a short email-based survey, the taped, semi-structured 30 minute interview for each person can be conducted in-person at your organisation or by telephone.

Why should we participate? The complexity of grants is an ongoing issue for the community sector (**please see attachment entitled “Government Grants”**). This research will build the evidence base to understand the impact of the grants system on community sector agencies. A summary report of the survey’s findings will be made available to survey participants and interested stakeholders. It is hoped that the findings could offer some aid in modeling a more streamlined approach to grants administration.

My organisation is an umbrella organisation for other non-profits. That is fine. If that is the case, we would like to make arrangements to speak to a grants officer who has a broad perspective on your organisation’s funding needs.

What about confidentiality? All participants and their respective organizations shall remain confidential. All data will be used in a form that will make it impossible to determine the identity of the individual responses. Participation is strictly voluntary and participants are free to not answer any questions they choose and can withdraw their participation at any time.

Who has endorsed this survey? This survey was reviewed by the 2010-2011 Board Members of The Tasmanian Council of Social Service (TasCOSS) which is the peak body for the community services sector in Tasmania. In addition, this survey was reviewed by Prof. David Adams.

If your organization is agreeable to participation, could you please contact:

Peter Georgelas: [peterg7@utas.edu.au](mailto:peterg7@utas.edu.au) or (03) 6248-6019.



## Government Grants: A Complex System in Action?

Community sector agencies are operating in increasingly complex environments. One such environment centers on funding through the use of government grants. This environment, or system of competitive actors, over time adds layers of complexity in areas of grant research, application, reporting, and compliance by requiring more extensive and detailed data acquisition and reporting--which in return causes ripple effects in organizational personnel, resources, and mission. There is evidence that the more complex the system, the more burdensome it is for agencies to plan for and manage such systems. This research will examine various grants processes to understand the range of interactions required by following the processes through from initial awareness to final acquittal of a grant.

This research can best be understood using Systems Theory and hopes to show how agencies can be more effective and efficient in their management of the grants system. The evidence base about complex systems derives from both the physical and social sciences. CSIRO defines a complex system like genomes, ecosystems, stock markets, the weather, and society itself as “large aggregations of many smaller interacting parts” like species, investors, air particles or individuals.”<sup>1</sup> These collections of interconnected things exhibit two basic properties—*emergence*, which is “the appearance of behavior that could not be anticipated from a knowledge of the parts of the system alone,” and *self-organisation*, which means that the emergent behavior is not planned but appears “spontaneously.”<sup>2</sup> Although the terms “complex” and “complexity” carry multiple definitions--in general it can be said that a system is complex if its large number of interacting parts foster this emergent, difficult-to-understand behavior.<sup>3</sup>

There is evidence that the complexity of grants systems causes the following System behavior: 1) It “teaches” grant-seeking organisations that to get grants then they have to learn how to become excellent grant writing organisations—with all the time, cost, and personnel allocations necessary to achieve this new goal, 2) it “teaches” them that regardless of their own organisation’s particular goals that in order to get government grants it is necessary to tailor their own organisation’s goals to more closely match government objectives for a particular grant, and 3) it “teaches” them that grants are almost always awarded to individual organisations and rarely to combinations or clusters of organisations who can perhaps most optimally deliver needed services--so there is little advantage in cooperation or data sharing between grant-seeking organisations.

This research will examine alternative mechanisms for streamlining grants systems and reducing the transaction and reporting costs. This research will be conducted in 2013 and a final Report will be available in December 2014.

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1 CSIRO, “Complex or just complicated: what is a complex system?” <http://www.csiro.au/en/Organisation-Structure/Divisions?marine--Atmospheric-Research/Complex-Systems-Science-2/About-Complex-Systems.aspx>, 14 October 2012.

2 Ibid.

3 “Complexity”, <http://en.wikipedia.org/wiki/Complexity>, 14 October 2012.

#### Appendix 4: Written questionnaire (Grants Officer level)

Grants Officer/Written Questionnaire:

<b>1.</b>	Please answer as many of the following as you want.	
<i>Name of person completing this survey.</i>		
<i>Job Title</i>		
<i>Phone Number</i>		
<i>Email address</i>		
<i>Full registered name of your organization</i>		
<i>City/Town</i>		
<i>Post Code</i>		
<i>Organisation's website address (if applicable)</i>		
<i>Year your organization was established</i>		

<b>2.</b>	Where is your organisation MOST likely to find out about government grant opportunities? Please tick just ONE box.	
	<input type="checkbox"/>	<i>From the government directly (e.g., letter, email, phone call)</i>
	<input type="checkbox"/>	<i>From a government website</i>
	<input type="checkbox"/>	<i>Newspaper ad</i>
	<input type="checkbox"/>	<i>Radio ad</i>
	<input type="checkbox"/>	<i>Television ad</i>
	<input type="checkbox"/>	<i>Online (e.g., from a non-govt. website or social media site you found)</i>
	<input type="checkbox"/>	<i>From an outside consultant</i>
	<input type="checkbox"/>	<i>From people in an organisation like your own</i>
	<input type="checkbox"/>	<i>Through word of mouth</i>
	<input type="checkbox"/>	<i>Through past experience applying for a particular grant</i>
	<input type="checkbox"/>	<i>Other (please specify):</i> _____

**3.**

Please indicate how much you agree or disagree with each of the following statements.

		Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
	<i>There are no government grants that apply to our organisation.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Grants usually go to larger and more well-known organisations.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Without government connections, it is very hard to get grants.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>The information the government provides about the grants we are interested in is usually unclear or contradictory.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Our organisation needs money but we do not have a specific project that a grant would apply to.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>4.</b>	For the financial year and/or calendar year 2010-2011, how many government grants did your organization apply for? Please tick just ONE box.	
	<input type="checkbox"/>	0
	<input type="checkbox"/>	1-5
	<input type="checkbox"/>	6-10
	<input type="checkbox"/>	11-15
	<input type="checkbox"/>	16-20
	<input type="checkbox"/>	21-25
	<input type="checkbox"/>	26-30
	<input type="checkbox"/>	31-35
	<input type="checkbox"/>	36-40
	<input type="checkbox"/>	41-45
	<input type="checkbox"/>	46-50
	<input type="checkbox"/>	Over 50

<b>5.</b>	The following questions refer to your organisation in the financial year and/or calendar year 2010-2011.	
	<i>How many grants (regardless of their source) were you awarded?</i>	_____ grants
	<i>In <u>total</u>, how much money were all the grants worth on an annualized basis? (You can provide an estimate if an exact per annum number is not available.)</i>	_____ AUD\$

<b>6.</b>	Was there a gap between the total dollar amount of government grants awarded your organisation in the financial year and/or calendar year 2010-2011 and the money needed to fulfill your organisation's stated outcomes in its government grant applications?	
	<i>There was no gap.</i>	<input type="checkbox"/>
	<i>There was a gap.</i>	<input type="checkbox"/>
	<i>If there was a gap, what was the total gap amount? (You can provide an estimate if an exact number is not available.)</i>	_____ AUD\$

<b>7.</b>	If you answered that there was a gap in Question #19, how did your organisation try to fill that gap for the financial year and/or calendar year 2010-2011? Please tick as many boxes as apply.	
	<input type="checkbox"/>	<i>Applied for non-government grants</i>
	<input type="checkbox"/>	<i>Sought help/partnerships with other like-minded organisations</i>
	<input type="checkbox"/>	<i>Started/ramped up public donations campaign</i>
	<input type="checkbox"/>	<i>Held various public fundraising functions</i>
	<input type="checkbox"/>	<i>Sought out philanthropic donations</i>
	<input type="checkbox"/>	<i>Offered dues-paying memberships in our organisation</i>
	<input type="checkbox"/>	<i>Pursued donations/sponsorships from private organisations</i>
	<input type="checkbox"/>	<i>Applied organisation's other income to close gap</i>
	<input type="checkbox"/>	<i>Other (please specify):</i> _____



<b>8.</b>	<p>The typical grant proposal contains eight major sections. For each section below, please estimate the total hours it takes to complete ONE grant proposal that your organisation might typically apply for. (If more than one person in your organisation completes a section, accumulate everyone's time for that section.)</p>	
	<i>Need section (describes the need for the project)</i>	_____ hours
	<i>Projected Results section (what will the project accomplish?)</i>	_____ hours
	<i>Methodology (what exactly is the project going to do?)</i>	_____ hours
	<i>Staff (who are going to work on the project?)</i>	_____ hours
	<i>Project Assessment (how will you know if the project is working?)</i>	_____ hours
	<i>Budget (how much will the project cost?)</i>	_____ hours
	<i>Qualifications (describes your ability to carry out the project)</i>	_____ hours
	<i>Sustainability (what will happen when the grant ends?)</i>	_____ hours

<b>9.</b>	Please estimate the total times your organisation needed to contact the government for assistance in completing each section below for ONE typical grant your organisation applied for in the financial year and/or calendar year 2010-2011. Please tick just ONE box <u>per section</u> .		
	<i>Need section (describes the need for the project)</i>	<input type="checkbox"/>	0 times
		<input type="checkbox"/>	1-3 times
		<input type="checkbox"/>	4-6 times
		<input type="checkbox"/>	7-9 times
		<input type="checkbox"/>	10 times or more
	<i>Projected Results section (what will the project accomplish?)</i>	<input type="checkbox"/>	0 times
		<input type="checkbox"/>	1-3 times
		<input type="checkbox"/>	4-6 times
		<input type="checkbox"/>	7-9 times
		<input type="checkbox"/>	10 times or more
	<i>Methodology (what exactly is the project going to do?)</i>	<input type="checkbox"/>	0 times
		<input type="checkbox"/>	1-3 times
		<input type="checkbox"/>	4-6 times
		<input type="checkbox"/>	7-9 times
		<input type="checkbox"/>	10 times or more
	<i>Staff (who are going to work on the project?)</i>	<input type="checkbox"/>	0 times
		<input type="checkbox"/>	1-3 times
		<input type="checkbox"/>	4-6 times
		<input type="checkbox"/>	7-9 times
		<input type="checkbox"/>	10 times or more
	<i>Project Assessment (how will you know if the project is working?)</i>	<input type="checkbox"/>	0 times
		<input type="checkbox"/>	1-3 times
		<input type="checkbox"/>	4-6 times
		<input type="checkbox"/>	7-9 times
		<input type="checkbox"/>	10 times or more

<b>9.</b> <b>(cont.)</b>	Please estimate the total times your organisation needed to contact the government for assistance in completing each section below for ONE typical grant your organisation applied for in the financial year and/or calendar year 2010-2011. Please tick just ONE box <u>per section</u> .		
	<i>Budget (how much will the project cost?)</i>	<input type="checkbox"/>	<i>0 times</i>
		<input type="checkbox"/>	<i>1-3 times</i>
		<input type="checkbox"/>	<i>4-6 times</i>
		<input type="checkbox"/>	<i>7-9 times</i>
		<input type="checkbox"/>	<i>10 times or more</i>
	<i>Qualifications (describes your ability to carry out the project)</i>	<input type="checkbox"/>	<i>0 times</i>
		<input type="checkbox"/>	<i>1-3 times</i>
		<input type="checkbox"/>	<i>4-6 times</i>
		<input type="checkbox"/>	<i>7-9 times</i>
		<input type="checkbox"/>	<i>10 times or more</i>
	<i>Sustainability (what will happen when the grant ends?)</i>	<input type="checkbox"/>	<i>0 times</i>
		<input type="checkbox"/>	<i>1-3 times</i>
		<input type="checkbox"/>	<i>4-6 times</i>
		<input type="checkbox"/>	<i>7-9 times</i>
		<input type="checkbox"/>	<i>10 times or more</i>

<b>10.</b>	For a typical grant your organisation applied for in the financial year and/or calendar year 2010-2011, please estimate the TOTAL number of hours talking to each of the following government personnel.	
	<i>Administration/Finance personnel (i.e., staff who helped with technical details)</i>	_____ hours
	<i>Policy personnel (i.e., staff who could explain the purpose of the grant)</i>	_____ hours
	<i>Other personnel</i>	_____ hours

<b>11.</b>	For a typical grant in the financial year and/or calendar year 2010-2011, how long did it take for you to receive formal notice about its final outcome after you submitted your grant application? Please tick just ONE box.	
	<input type="checkbox"/>	<i>Less than a month</i>
	<input type="checkbox"/>	<i>More than 1 month but less than 2 months</i>
	<input type="checkbox"/>	<i>More than 2 months but less than 3 months</i>
	<input type="checkbox"/>	<i>More than 3 months but less than 4 months</i>
	<input type="checkbox"/>	<i>More than 4 months but less than 5 months</i>
	<input type="checkbox"/>	<i>More than 5 months but less than 6 months</i>
	<input type="checkbox"/>	<i>More than 6 months but less than 7 months</i>
	<input type="checkbox"/>	<i>More than 7 months but less than 8 months</i>
	<input type="checkbox"/>	<i>More than 8 months but less than 9 months</i>
	<input type="checkbox"/>	<i>More than 9 months but less than 10 months</i>
	<input type="checkbox"/>	<i>More than 10 months but less than 11 months</i>
	<input type="checkbox"/>	<i>More than 11 months but less than 12 months</i>
	<input type="checkbox"/>	<i>More than 12 months</i>

<b>12.</b>	The following questions refer to your organisation in the financial year and/or calendar year 2010-2011.	
	How many <u>different</u> government grant reporting systems were you subject to?	_____ reporting systems
	In <u>total</u> for this period, how many times did the government ask for adjustments in methods, evaluation or budget regarding your grant(s)? (You can provide an estimate if exact number is not available.)	_____ times

<b>13.</b>	A typical grant compliance regime covers several organisational areas. For each area below, please estimate the total hours it takes to complete that ONE average grant compliance area concerning ONE grant from beginning to end. (If more than one person in your organisation helps with an issue, accumulate everyone's time for that issue.)	
	Reviewing processes for grant administration, monitoring and reporting of grant activities.	_____ hours
	Financial Management Systems	_____ hours
	Procurement Systems	_____ hours
	Time and Effort Reporting Systems	_____ hours
	Monitoring Activities	_____ hours
	Adherence to terms & conditions of grant	_____ hours
	Formal Audit	_____ hours
	Non-compliance/Corrective Actions	_____ hours

<b>14.</b>	For all the government grants your organisation were awarded in the financial year and/or calendar year 2010-2011, could you do each of the following <u>online</u> for ALL of them?		
		Yes	No
	<i>Research the grants</i>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Contact appropriate government personnel for help</i>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Apply for the grants</i>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Submit performance reports</i>	<input type="checkbox"/>	<input type="checkbox"/>

<b>15.</b>	For any government grant in the financial year and/or calendar year 2010-2011 for which you were NOT awarded, which of the following reasons for rejection were provided as feedback. Please tick as many boxes that apply.	
	<input type="checkbox"/>	<i>Poor grammar, spelling errors, or factual errors.</i>
	<input type="checkbox"/>	<i>Cost padding/insufficient cost research.</i>
	<input type="checkbox"/>	<i>Failure to follow instructions precisely.</i>
	<input type="checkbox"/>	<i>Failure to clearly state goals.</i>
	<input type="checkbox"/>	<i>Failure to meet submission deadline.</i>
	<input type="checkbox"/>	<i>Grant proposal incompatible with agency.</i>
	<input type="checkbox"/>	<i>No business plan included.</i>
	<input type="checkbox"/>	<i>Failure to show benefits/results of proposal.</i>
	<input type="checkbox"/>	<i>No long-term plan.</i>
	<input type="checkbox"/>	<i>Unclear how you intend to support project after grant money runs out.</i>
	<input type="checkbox"/>	<i>Proposal is too generic.</i>
	<input type="checkbox"/>	<i>Low quality presentation/issues with cover letter, look of materials, etc.</i>
	<input type="checkbox"/>	<i>Proposal failed to show how it is unique, original, or better than anyone else's.</i>
	<input type="checkbox"/>	<i>Unrealistic financial goals.</i>
	<input type="checkbox"/>	<i>There were not enough funds to go around.</i>
	<input type="checkbox"/>	<i>Others had better submissions.</i>
	<input type="checkbox"/>	<i>Other (please specify):</i>

Thank you for filling out this questionnaire!

Please email any additional comments regarding this survey to [Peter.Georgelas@utas.edu.au](mailto:Peter.Georgelas@utas.edu.au).

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Complexity	<p>“<b>Complexity</b> theory has been used extensively in the field of strategic management and organizational studies....In a CAS [complex adaptive system], the system and the agents co-evolve; the system lightly constrains agent behaviour, but the agents modify the system by their interaction with it.”</p> <p>Complexity theory and organizations. (2011, June 1). In <i>Wikipedia, The Free Encyclopedia</i>. Retrieved 08:31, July 19, 2011, from <a href="http://en.wikipedia.org/w/index.php?title=Complexity_theory_and_organizations&amp;oldid=432081625">http://en.wikipedia.org/w/index.php?title=Complexity_theory_and_organizations&amp;oldid=432081625</a></p>
Contract	<p>“A <b>contract</b> is a legally enforceable agreement between two or more parties with mutual obligations, which may or may not have elements in writing....The remedy at law for breach of contract is usually "damages" or monetary compensation. In equity, the remedy can be specific performance of the contract or an injunction.”</p> <p>Contract. (2011, July 11). In <i>Wikipedia, The Free Encyclopedia</i>. Retrieved 09:28, July 19, 2011, from <a href="http://en.wikipedia.org/w/index.php?title=Contract&amp;oldid=438870060">http://en.wikipedia.org/w/index.php?title=Contract&amp;oldid=438870060</a></p>
Cooperative Agreement	<p>A <b>cooperative agreement</b> is “a support mechanism used when there will be substantial...[government] scientific or programmatic involvement. Substantial involvement means that, after award, scientific or program staff will assist, guide, coordinate, or participate in project activities.”</p> <p>FAQ - Applying for a Grant or Cooperative Agreement. (2010, December 7) In U..S. Department of Health and Human Services, from <a href="http://www.fda.gov/ForFederalStateandLocalOfficials/CooperativeAgreementsCRADAsGrants/ucm234535.htm#three">http://www.fda.gov/ForFederalStateandLocalOfficials/CooperativeAgreementsCRADAsGrants/ucm234535.htm#three</a></p>
Financial Year	<p>“The Australian government's <b>financial year</b> begins on July 1 and concludes on June 30 of the following year. This applies for personal income tax and the federal budget, and most companies are required to use it as their own. The year ending on the 30th June, 2011 is referred to as "financial year 2010-11" or sometimes just "financial year 2011".</p> <p>Because some grant periods can extend beyond the financial year, the term “financial year and/or calendar year” has been adopted for this study.</p> <p>Fiscal year. (2011, June 29). In <i>Wikipedia, The Free Encyclopedia</i>. Retrieved 08:32, July 19, 2011, from <a href="http://en.wikipedia.org/w/index.php?title=Fiscal_year&amp;oldid=436891149">http://en.wikipedia.org/w/index.php?title=Fiscal_year&amp;oldid=436891149</a></p>



Government	<b>Government</b> in this study is used to refer to all three levels of the Australian government: Commonwealth, State/Territory, and Local.
Government Grant	<p>A <b>government grant</b> is “an award of financial assistance in the form of money by...government to an eligible grantee with no expectation that the funds will be paid back. The term does not include technical assistance which provides services instead of money, or other assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct appropriations.”</p> <p>Contrast this definition with the more complex or legally binding mechanisms of a <u>Contract</u>, <u>Cooperative Agreement</u>, or <u>Partnership Funding</u>.</p> <p>Government Grants. In Entrepreneur.com Retrieved 08:33, July 19, 2011, from <a href="http://www.entrepreneur.com/encyclopedia/term/82162.html">http://www.entrepreneur.com/encyclopedia/term/82162.html</a></p>
Partnership Funding	<p><b>Partnership funding</b> refers to “a grant or funding program where various "partners" have input into the project. In some cases, this may refer to joint funding between government and philanthropic sources. It may also refer to partners who give resources in kind.”</p> <p>Partnership Funding (2007, July 24). In PhilanthropyWiki. Retrieved 08:34, July 19, 2011, from <a href="http://philanthropywiki.org.au/index.php/Partnership_Funding">http://philanthropywiki.org.au/index.php/Partnership_Funding</a></p>
Project Budget	<p>“The <b>project budget</b> is a prediction of the costs associated with a particular company [or organizational] project. These costs include labor, materials, and other related expenses. The project budget is often broken down into specific tasks, with task budgets assigned to each.”</p> <p>Budget. (2011, July 7). In <i>Wikipedia, The Free Encyclopedia</i>. Retrieved 09:25, July 19, 2011, from <a href="http://en.wikipedia.org/w/index.php?title=Budget&amp;oldid=438214156">http://en.wikipedia.org/w/index.php?title=Budget&amp;oldid=438214156</a></p>

## Appendix 5: Oral interview questionnaire (Grants Officer level)

## Grants Officer/Oral Questionnaire

### A. Quick review of organizational goals.

1. Do you feel that your organisation feels pressure to offer programs and services that can be mostly funded by government grants?
2. Do you feel that your organisation is more or less dependent on government grants? If so, in what ways has your organisation changed over time because of this dependency?
3. How would you respond to the following statements from your fellow NGOs:
  - a. *Grant winners often exaggerate the best case scenarios they present to the government.*
  - b. *Grant winners often overstate the problem areas they will be addressing.*
  - c. *Grant winners often make up projects tailored to the government grants they are applying for rather than seeking grants related to their current projects.*

### 4. In percentage terms, how successful is the organisation in obtaining all the government grants it has applied for from:

Prior to 1969	_____ %
1970-1979	_____ %
1980-1989	_____ %
1990-1999	_____ %
2000-2009	_____ %
2010-	_____ %

5. What factors do you attribute to your organisation's success rate? Failure rate?
6. Do you feel that competing for government grants with other NGOs makes your organisation less willing to partner (or share data) with other NGOs?
7. Do you believe that the compliance processes put in place with government grants are becoming more or less complex? If more complex, please give me an example of how this is affecting you, your staff, and your organization as a whole?
8. Do you believe that the complexity of the entire government grants process keeps your organisation from researching and seeking funds from other sources?
9. Given the current government grant requirements in total--in your opinion, is the government more interested in managing risk or in achieving specific outcomes?
10. May we contact you about this survey for follow-up if needed?
11. Would you like a copy of the summary report?

### B. Request to see a sample of Grant Filings since inception:

- a. Number of applications filed per year.
- b. Number of questions per application.
- c. Number of separate government fulfillment agencies mandated per grant.

## Appendix 6: Written questionnaire (CEO level)

Higher Level Officer/Written Questionnaire

<b>1.</b>	Please answer as many of the following as you want.	
<i>Name of person completing this survey.</i>		
<i>Job Title</i>		
<i>Phone Number</i>		
<i>Email address</i>		
<i>Full registered name of your organization</i>		
<i>City/Town</i>		
<i>Post Code</i>		
<i>Organisation's website address (if applicable)</i>		
<i>Year your organization was established</i>		

<b>2.</b>	The Australian Bureau of Statistics places Not-For-Profit organisations into one of 12 categories. Which of its categories below BEST describes the focus of your organization? Please tick just ONE box.	
	<input type="checkbox"/>	<i>Culture and Recreation</i>
	<input type="checkbox"/>	<i>Education and Research</i>
	<input type="checkbox"/>	<i>Health</i>
	<input type="checkbox"/>	<i>Social Services</i>
	<input type="checkbox"/>	<i>Environment</i>
	<input type="checkbox"/>	<i>Development and Housing</i>
	<input type="checkbox"/>	<i>Law, Advocacy and Politics</i>
	<input type="checkbox"/>	<i>Philanthropic Intermediaries and Voluntarism Promotion</i>
	<input type="checkbox"/>	<i>International</i>
	<input type="checkbox"/>	<i>Religion</i>
	<input type="checkbox"/>	<i>Business and Professional Associations, Unions</i>
	<input type="checkbox"/>	<i>Not Elsewhere Classified</i>

<b>3.</b>	Please describe the key target groups that your organization focuses on.
<hr/> <hr/> <hr/> <hr/> <hr/>	

<b>4.</b>	Please indicate the total annual income for your organisation for the financial year and/or calendar year 2010-2011.	
	<input type="checkbox"/>	<i>Less than \$100,000</i>
	<input type="checkbox"/>	<i>Between \$100,000 and \$1,000,000</i>
	<input type="checkbox"/>	<i>Between \$1,000,000 and \$10,000,000</i>
	<input type="checkbox"/>	<i>Over \$10,000,000</i>

<b>5.</b>	Please estimate how many paid and unpaid people work for your organisation.	
	<i>Paid staff (full-time equivalent)</i>	_____ <i>people</i>
	<i>Paid staff (part-time)</i>	_____ <i>people</i>
	<i>Voluntary staff (full-time equivalent)</i>	_____ <i>people</i>
	<i>Voluntary staff (part-time)</i>	_____ <i>people</i>
	<i>Paid Board/Management Committee</i>	_____ <i>people</i>
	<i>Voluntary Board/Management Committee</i>	_____ <i>people</i>

<b>6.</b>	Please estimate how many paid and unpaid people in your organisation work in the following areas.	
	<i>Administration and finance</i>	_____ <i>paid people</i> _____ <i>unpaid people</i>
	<i>Communications/Media</i>	_____ <i>paid people</i> _____ <i>unpaid people</i>
	<i>Management</i>	_____ <i>paid people</i> _____ <i>unpaid people</i>
	<i>Policy, research or advocacy</i>	_____ <i>paid people</i> _____ <i>unpaid people</i>
	<i>Service delivery</i>	_____ <i>paid people</i> _____ <i>unpaid people</i>
	<i>Other</i>	_____ <i>paid people</i> _____ <i>unpaid people</i>

<b>7.</b>	Your organisation's <b>primary</b> source of funding in the financial year and/or calendar year 2010-2011 comes from which of the following? Please tick just ONE box.	
	<input type="checkbox"/>	<i>Commonwealth government</i>
	<input type="checkbox"/>	<i>State or territory government</i>
	<input type="checkbox"/>	<i>Local government</i>
	<input type="checkbox"/>	<i>Client fees</i>
	<input type="checkbox"/>	<i>Donations</i>
	<input type="checkbox"/>	<i>Corporate funding</i>
	<input type="checkbox"/>	<i>Self-funding</i>
	<input type="checkbox"/>	<i>Other income (e.g., management fees, interest, managed fund distributions, net profit on sale of property, plant and equipment, etc.)</i>



<b>8.</b>	For the financial year and/or calendar year 2010-2011, please estimate the percentage of people accessing your services whose primary source of income was:	
	<i>Pensions &amp; Benefits</i>	_____ %
	<i>Low Income Earners</i>	_____ %
	<i>Other Salary (Wage Earners)</i>	_____ %
	<i>Retirees</i>	_____ %

<b>9.</b>	What other sources of income does your organisation receive from the government (Commonwealth, State, or Local) either on a regular or ad hoc basis?
<hr/> <hr/> <hr/> <hr/> <hr/>	

<b>10.</b>	Which government grant-related issue is your organisation MOST concerned about? Please tick just ONE box.	
	<input type="checkbox"/>	<i>Figuring out which grants we should apply for takes too much time.</i>
	<input type="checkbox"/>	<i>The application process is too complex.</i>
	<input type="checkbox"/>	<i>We have to use specialized personnel to apply for grants.</i>
	<input type="checkbox"/>	<i>The quality of help the government gives us during the application process.</i>
	<input type="checkbox"/>	<i>The gaps that are left between the grants we get and the outcomes we would like to achieve.</i>
	<input type="checkbox"/>	<i>The reporting requirements are too burdensome.</i>
	<input type="checkbox"/>	<i>The reporting requirements are changing the very nature of our organisation (e.g., we are becoming more bureaucratic)</i>
	<input type="checkbox"/>	<i>If we have to compete for grants, we have a harder time coordinating with other like-minded organisations.</i>
	<input type="checkbox"/>	<i>The time we spend on grants means less time with our clients.</i>
	<input type="checkbox"/>	<i>Other (please specify): _____</i>

Thank you for filling out this questionnaire!

Please email any additional comments regarding this survey to [Peter.Georgelas@utas.edu.au](mailto:Peter.Georgelas@utas.edu.au).

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Calendar Year	<p>“Generally speaking, a <b>calendar year</b> begins on the New Year's Day of the given calendar system and ends on the day before the following New Year's Day.” The Australian calendar year runs from January 1 through December 31.</p> <p>Because some grant periods can extend beyond the calendar year, the term “financial year and/or calendar year” has been adopted for this study.</p> <p>Calendar year. (2011, June 23). In <i>Wikipedia, The Free Encyclopedia</i>. Retrieved 08:30, July 19, 2011, from <a href="http://en.wikipedia.org/w/index.php?title=Calendar_year&amp;oldid=435754842">http://en.wikipedia.org/w/index.php?title=Calendar_year&amp;oldid=435754842</a></p>
Complexity	<p>“<b>Complexity</b> theory has been used extensively in the field of strategic management and organizational studies....In a CAS [complex adaptive system], the system and the agents co-evolve; the system lightly constrains agent behaviour, but the agents modify the system by their interaction with it.”</p> <p>Complexity theory and organizations. (2011, June 1). In <i>Wikipedia, The Free Encyclopedia</i>. Retrieved 08:31, July 19, 2011, from <a href="http://en.wikipedia.org/w/index.php?title=Complexity_theory_and_organizations&amp;oldid=432081625">http://en.wikipedia.org/w/index.php?title=Complexity_theory_and_organizations&amp;oldid=432081625</a></p>
Contract	<p>“A <b>contract</b> is a legally enforceable agreement between two or more parties with mutual obligations, which may or may not have elements in writing....The remedy at law for breach of contract is usually "damages" or monetary compensation. In equity, the remedy can be specific performance of the contract or an injunction.”</p> <p>Contract. (2011, July 11). In <i>Wikipedia, The Free Encyclopedia</i>. Retrieved 09:28, July 19, 2011, from <a href="http://en.wikipedia.org/w/index.php?title=Contract&amp;oldid=438870060">http://en.wikipedia.org/w/index.php?title=Contract&amp;oldid=438870060</a></p>
Cooperative Agreement	<p>A <b>cooperative agreement</b> is “a support mechanism used when there will be substantial...[government] scientific or programmatic involvement. Substantial involvement means that, after award, scientific or program staff will assist, guide, coordinate, or participate in project activities.”</p> <p>FAQ - Applying for a Grant or Cooperative Agreement. (2010, December 7) In U..S. Department of Health and Human Services, from <a href="http://www.fda.gov/ForFederalStateandLocalOfficials/CooperativeAgreementsCRADAsGrants/ucm234535.htm#three">http://www.fda.gov/ForFederalStateandLocalOfficials/CooperativeAgreementsCRADAsGrants/ucm234535.htm#three</a></p>
Financial Year	<p>“The Australian government's <b>financial year</b> begins on July 1 and concludes on June 30 of the following year. This applies for personal income tax and the federal budget, and most companies are required to use it as their own. The year ending on the 30th June, 2011 is referred to as "financial year 2010-11" or sometimes just "financial year 2011".</p> <p>Because some grant periods can extend beyond the financial year, the term “financial year and/or calendar year” has been adopted for this study.</p> <p>Fiscal year. (2011, June 29). In <i>Wikipedia, The Free Encyclopedia</i>. Retrieved 08:32, July 19, 2011, from <a href="http://en.wikipedia.org/w/index.php?title=Fiscal_year&amp;oldid=436891149">http://en.wikipedia.org/w/index.php?title=Fiscal_year&amp;oldid=436891149</a></p>
Government	<p><b>Government</b> in this study is used to refer to all three levels of the Australian government: Commonwealth, State/Territory, and Local.</p>

Government Grant	<p>A <b>government grant</b> is “an award of financial assistance in the form of money by...government to an eligible grantee with no expectation that the funds will be paid back. The term does not include technical assistance which provides services instead of money, or other assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct appropriations.”</p> <p>Contrast this definition with the more complex or legally binding mechanisms of a <u>Contract</u>, <u>Cooperative Agreement</u>, or <u>Partnership Funding</u>.</p> <p>Government Grants. In Entrepreneur.com Retrieved 08:33, July 19, 2011, from <a href="http://www.entrepreneur.com/encyclopedia/term/82162.html">http://www.entrepreneur.com/encyclopedia/term/82162.html</a></p>
Partnership Funding	<p><b>Partnership funding</b> refers to “a grant or funding program where various "partners" have input into the project. In some cases, this may refer to joint funding between government and philanthropic sources. It may also refer to partners who give resources in kind.”</p> <p>Partnership Funding (2007, July 24). In PhilanthropyWiki. Retrieved 08:34, July 19, 2011, from <a href="http://philanthropywiki.org.au/index.php/Partnership_Funding">http://philanthropywiki.org.au/index.php/Partnership_Funding</a></p>
Project Budget	<p>“The <b>project budget</b> is a prediction of the costs associated with a particular company [or organizational] project. These costs include labor, materials, and other related expenses. The project budget is often broken down into specific tasks, with task budgets assigned to each.”</p> <p>Budget. (2011, July 7). In <i>Wikipedia, The Free Encyclopedia</i>. Retrieved 09:25, July 19, 2011, from <a href="http://en.wikipedia.org/w/index.php?title=Budget&amp;oldid=438214156">http://en.wikipedia.org/w/index.php?title=Budget&amp;oldid=438214156</a></p>

## Appendix 7: Oral interview questionnaire (CEO level)

### Higher Level Officer/Oral Questionnaire

#### A. Quick review of organisational goals.

1. Have your organisation's target groups changed since the NGO's inception? If yes, to what do you attribute this change? Has the organisation ever had to change its client base due to its success or failure to win Government grants?
2. Do you feel that the organisation feels pressure to offer programs and services that can be mostly funded by government grants?
3. How would you respond to the following statement? *All the time and money this organization spends on grant applications, monitoring, and acquittals makes it harder for us to actually serve our client base.*
4. How would you respond to the following statement? *The reporting requirements for grants are changing the very nature of our organisation (e.g., we are becoming more bureaucratic) in order to fulfill them.*
5. How would you respond to the following statement? *If we are successful in obtaining significant government grants for particular programs, we are more likely to keep those programs going and apply for more grants to support them.*
6. How would you respond to the following statement? *I would be less likely to partner with (or share data with) a fellow NGO who I know is competing for the same government grant as us.*
7. Would you say in general that the gaps that are left between the grants you get and the outcomes you would like to achieve are growing larger? If so, what do you do to handle such gaps?
8. Has your organisation ever had to primarily focus on cost-cutting to handle such gaps, and if so, how did that affect your client programs?
9. Do you believe that the compliance processes put in place with government grants are becoming more or less complex? If more complex, please give me an example of how this is affecting you, your staff, and your organization as a whole?
10. Do you believe that the complexity of the entire government grants process keeps your organisation from researching and seeking funds from other sources?
11. Given the current government grant requirements in total--in your opinion, is the government more interested in managing risk or in achieving specific outcomes?
12. May we contact you about this survey for follow-up if needed?
13. Would you like a copy of the summary report?

#### B. Request to see sample of Mission & Client Statements since inception.

Thank you for your assistance!

## Appendix 8: Coding Pass 1 using NVivo 10/Descriptive coding

## Coding Pass 1 using NVivo 10: Descriptive Coding

1. Bureaucracy/Culture
2. Bureaucracy/Effects on Staff
3. Bureaucracy/General Issues
4. Bureaucracy/Grant Applications
5. Community/Feedback on Programs
6. Community/Impact of Programs
7. Community/Involvement
8. Complexity/Compliance Processes
9. Complexity/Entirety of Grants Process
10. Complexity/Government Decision Making
11. Complexity/Reporting Issues
12. Funding/Delays
13. Funding/Funding Gap—Actions On
14. Funding/Funding Gap (incl. existence of)
15. Funding/Fundraising Sources (incl. lack of)
16. Funding/Programs vs. Other
17. Government/Changes in Personnel & Effects on NGO Projects
18. Government/Contract Manager Behaviour
19. Government/Contract Managers vs. Implementation Managers
20. Government/Data Usage in Decision Making
21. Government/Election Cycle & Effects on NGO Programs
22. Government/Feedback via Compliance Reports
23. Government/Managing Risk vs. Achieving Specific Outcomes
24. Government/Public Policy Agendas & Effects on NGO Projects
25. Government/Risk Management vs. Risk Elimination
26. Government/Separate Fulfilment Agencies per Grant
27. Grants/Applications Filed
28. Grants/Applications Formats
29. Grants/As Cultural Change Agent
30. Grants/Community or Suburb Specific
31. Grants/Efficiency & Effectiveness
32. Grants/Failures
33. Grants/Failures to Apply
34. Grants/Finding Grant Opportunities
35. Grants/Grant Acquittals
36. Grants/Grant Applications, Primary Responsibility For
37. Grants/Grant Money Rollovers Year-To-Year
38. Grants/In-the-field Monitoring of Effects
39. Grants/Inter-government Technology Systems & Grant Format Requirements
40. Grants/Intra-government Technology Systems & Grant Format Requirements
41. Grants/Issues of Most Concern
42. Grants/Grant Reporting Systems
43. Grants/One-Time vs. Recurring
44. Grants/Organisational Pressure
45. Grants/Proposal Completion Activities



46. Grants/Questions per Application
47. Grants/Reporting, Consistency
48. Grants/Successes
49. Grants/Time Spent on Grants Process vs. Time Serving Clients
50. Grants/ Timing Effects on Other Org. Factors (e.g. leases, infrastructure, etc.)
51. Grants/Timing Issues in Grants Process
52. Grants Mid-Process/Criteria & Rule Changes
53. Grants Mid-Process/Reporting Systems Changes
54. Grants Mid-Process/Target Client Base Changes
55. NFPs/Designation Issues
56. NFPs/Justifications for Involvement
57. NFPs/Other Tax Issues
58. NFPs/Representativeness of Sector
59. NFPs/Tax Concession Status
60. NGOs/Alignment with Government Public Policy
61. NGOs/Alliances and Loss of Local Connections
62. NGOs/Best Practices
63. NGOs/Business Model vs. Social Model
64. NGOs/Changing Client Base--Changing Service Delivery Model
65. NGOs/Client Selection--Changing Demographics
66. NGOs/Client Selection--Changing Lifestyles
67. NGOs/Client Selection--General Issues
68. NGOs/Client Statements
69. NGOs/Community Relationships
70. NGOs/Cost Cutting
71. NGO/Credibility
72. NGOs/Effects of Contract Duration
73. NGOs/"Give Us the Suburb" vs. Projects
74. NGOs/Inter-organisational Issues
75. NGOs/Inter-state Issues
76. NGOs/Interplay of Mission & Organisational Structure
77. NGOs/Mission Statements
78. NGOs/National vs. Local Scale
79. NGOs/New Tendering Paradigms (Partnerships, Consortiums, Collaborative Submissions, Joint Submissions, Sector Approaches, etc.)
80. NGOs/Organisational Goals
81. NGOs/Partnerships
82. NGOs/Peak Body Representation
83. NGOs/Power Disparity
84. NGOs/Program Continuity
85. NGOs/Program & Projects Life Cycle
86. NGOs/Projects
87. NGOs/Publicity & Media Relationships
88. NGOs/Service Modelling
89. NGOs/Shared Sector Research

90. NGOs/Size Disparity
91. NGOs/Stakeholder Linkages
92. NGOs &. Government/Sector Expertise
93. NGOs & Government/Personnel Movement Between
94. NGOs & Government/Relationship Issues
95. NGOs & Government/Technology Differences
96. Public Sector vs. Private Sector/Boundaries
97. Public Sector vs. Private Sector/Competitive Neutrality
98. Public Sector vs. Private Sector/Tender Competition
99. Staff/Development
100. Staff/Expertise
101. Staff/Grant Writers
102. Staff/Management
103. Staff/Other Staff Issues (e.g., Morale, Retention, Work Roles)
104. Staff/Sustainable Employment
105. Staff/Understanding Organisational Model
106. Unintended Consequences/Bureaucracy
107. Unintended Consequences/Competitive Environment
108. Unintended Consequences/Exaggeration of Best Case Scenarios
109. Unintended Consequences/Gaming Behaviour
110. Unintended Consequences/Grants Applications
111. Unintended Consequences/Grants Dependency
112. Unintended Consequences/Mission
113. Unintended Consequences/Mistrust
114. Unintended Consequences/Overstating Problem Areas
115. Unintended Consequences/Reporting Issues
116. Unintended Consequences/Systemic Change
117. Unintended Consequences/Tailoring Projects to Grants
118. Unpaid Workers/General Issues
119. Unpaid Workers/Social Inclusion Issues
120. Unpaid Workers/Status
121. Unpaid Workers/Value Of

## Appendix 9: Coding Pass 2 using NVivo 10/Interpretive Coding

### Coding Pass 2 Using NVivo 10: Interpretive Coding

1. Alliances
2. Client Issues
3. Complexity in the Grants Process
4. Compliance Burdens
5. Funding
6. Grants Process
7. Perceptions of Government
8. Perceptions of Itself
9. Perceptions of Other Stakeholders
10. Programs/Projects
11. Staff Issues
12. Unexpected Consequences

## Appendix 10: Coding Pass 2 including nodes from Pass 1

## Coding Pass 2 including nodes from Pass 1

### 1. Alliances

- 61. NGOs/Alliances and Loss of Local Connections
- 79. NGOs/New Tendering Paradigms (Partnerships, Consortiums, Collaborative Submissions, Joint Submissions, Sector Approaches, etc.)
- 81. NGOs/Partnerships
- 83. NGOs/Power Disparity
- 89. NGOs/Shared Sector Research
- 90. NGOs/Size Disparity
- 96. Public Sector vs. Private Sector/Boundaries
- 97. Public Sector vs. Private Sector/Competitive Neutrality
- 98. Public Sector vs. Private Sector/Tender Competition
- 107. Unintended Consequences/Competitive Environment
- 113. Unintended Consequences/Mistrust

### 2. Client Issues

- 54. Grants Mid-Process/Target Client Base Changes
- 63. NGOs/Business Model vs. Social Model
- 64. NGOs/Changing Client Base--Changing Service Delivery Model
- 65. NGOs/Client Selection--Changing Demographics
- 66. NGOs/Client Selection--Changing Lifestyles
- 67. NGOs/Client Selection--General Issues
- 68. NGOs/Client Statements
- 76. NGOs/Interplay of Mission & Organisational Structure
- 80. NGOs/Organisational Goals
- 84. NGOs/Program Continuity
- 85. NGOs/Program & Projects Life Cycle
- 86. NGOs/Projects

### 3. Complexity in the Grants Process

- 1. Bureaucracy/Culture
- 2. Bureaucracy/Effects on Staff
- 3. Bureaucracy/General Issues
- 4. Bureaucracy/Grant Applications
- 8. Complexity/Compliance Processes
- 9. Complexity/Entirety of Grants Process
- 10. Complexity/Government Decision Making
- 11. Complexity/Reporting Issues
- 31. Grants/Efficiency & Effectiveness
- 39. Grants/Inter-government Technology Systems & Grant Format Requirements
- 40. Grants/Intra-government Technology Systems & Grant Format Requirements
- 41. Grants/Issues of Most Concern

- 42. Grants/Grant Reporting Systems
- 95. NGOs & Government/Technology Differences

#### 4. Compliance Burdens

- 1. Bureaucracy/Culture
- 2. Bureaucracy/Effects on Staff
- 3. Bureaucracy/General Issues
- 4. Bureaucracy/Grant Applications
- 8. Complexity/Compliance Processes
- 9. Complexity/Entirety of Grants Process
- 10. Complexity/Government Decision Making
- 11. Complexity/Reporting Issues
- 17. Government/Changes in Personnel & Effects on NGO Projects
- 18. Government/Contract Manager Behaviour
- 19. Government/Contract Managers vs. Implementation Managers
- 20. Government/Data Usage in Decision Making
- 21. Government/Election Cycle & Effects on NGO Programs
- 22. Government/Feedback via Compliance Reports
- 23. Government/Managing Risk vs. Achieving Specific Outcomes
- 24. Government/Public Policy Agendas & Effects on NGO Projects
- 25. Government/Risk Management vs. Risk Elimination
- 26. Government/Separate Fulfilment Agencies per Grant
- 84. NGOs/Program Continuity
- 85. NGOs/Program & Projects Life Cycle
- 86. NGOs/Projects
- 98. Public Sector vs. Private Sector/Tender Competition
- 107. Unintended Consequences/Competitive Environment

#### 5. Funding

- 12. Funding/Delays
- 13. Funding/Funding Gap—Actions On
- 14. Funding/Funding Gap (incl. existence of)
- 15. Funding/Fundraising Sources (incl. lack of)
- 16. Funding/Programs vs. Other
- 80. NGOs/Organisational Goals
- 81. NGOs/Partnerships
- 84. NGOs/Program Continuity
- 85. NGOs/Program & Projects Life Cycle
- 86. NGOs/Projects
- 99. Staff/Development
- 100. Staff/Expertise
- 101. Staff/Grant Writers
- 102. Staff/Management
- 103. Staff/Other Staff Issues (e.g., Morale, Retention, Work Roles)

- 104. Staff/Sustainable Employment
- 105. Staff/Understanding Organisational Model

6. Grants Process

- 27. Grants/Applications Filed
- 28. Grants/Applications Formats
- 29. Grants/As Cultural Change Agent
- 30. Grants/Community or Suburb Specific
- 31. Grants/Efficiency & Effectiveness
- 32. Grants/Failures
- 33. Grants/Failures to Apply
- 34. Grants/Finding Grant Opportunities
- 35. Grants/Grant Acquittals
- 36. Grants/Grant Applications, Primary Responsibility For
- 37. Grants/Grant Money Rollovers Year-To-Year
- 38. Grants/In-the-field Monitoring of Effects
- 39. Grants/Inter-government Technology Systems & Grant Format Requirements
- 40. Grants/Intra-government Technology Systems & Grant Format Requirements
- 41. Grants/Issues of Most Concern
- 42. Grants/Grant Reporting Systems
- 43. Grants/One-Time vs. Recurring
- 44. Grants/Organisational Pressure
- 45. Grants/Proposal Completion Activities
- 46. Grants/Questions per Application
- 47. Grants/Reporting, Consistency
- 48. Grants/Successes
- 49. Grants/Time Spent on Grants Process vs. Time Serving Clients
- 50. Grants/ Timing Effects on Other Org. Factors (e.g. leases, infrastructure, etc.)
- 51. Grants/Timing Issues in Grants Process
- 52. Grants Mid-Process/Criteria & Rule Changes
- 53. Grants Mid-Process/Reporting Systems Changes
- 54. Grants Mid-Process/Target Client Base Changes
- 62. NGOs/Best Practices
- 79. NGOs/New Tendering Paradigms (Partnerships, Consortiums, Collaborative Submissions, Joint Submissions, Sector Approaches, etc.)
- 81. NGOs/Partnerships
- 83. NGOs/Power Disparity
- 89. NGOs/Shared Sector Research
- 90. NGOs/Size Disparity
- 96. Public Sector vs. Private Sector/Boundaries
- 97. Public Sector vs. Private Sector/Competitive Neutrality
- 98. Public Sector vs. Private Sector/Tender Competition
- 99. Staff/Development
- 100. Staff/Expertise
- 101. Staff/Grant Writers



- 103. Staff/Other Staff Issues (e.g., Morale, Retention, Work Roles)
- 104. Staff/Sustainable Employment
- 105. Staff/Understanding Organisational Model
- 106. Unintended Consequences/Bureaucracy
- 107. Unintended Consequences/Competitive Environment
- 108. Unintended Consequences/Exaggeration of Best Case Scenarios
- 109. Unintended Consequences/Gaming Behaviour
- 110. Unintended Consequences/Grants Applications
- 111. Unintended Consequences/Grants Dependency
- 112. Unintended Consequences/Mission
- 113. Unintended Consequences/Mistrust
- 114. Unintended Consequences/Overstating Problem Areas
- 115. Unintended Consequences/Reporting Issues
- 116. Unintended Consequences/Systemic Change
- 117. Unintended Consequences/Tailoring Projects to Grants

## 7. Perceptions of Government

- 4. Bureaucracy/Grant Applications
- 17. Government/Changes in Personnel & Effects on NGO Projects
- 18. Government/Contract Manager Behaviour
- 19. Government/Contract Managers vs. Implementation Managers
- 20. Government/Data Usage in Decision Making
- 21. Government/Election Cycle & Effects on NGO Programs
- 22. Government/Feedback via Compliance Reports
- 23. Government/Managing Risk vs. Achieving Specific Outcomes
- 24. Government/Public Policy Agendas & Effects on NGO Projects
- 25. Government/Risk Management vs. Risk Elimination
- 26. Government/Separate Fulfilment Agencies per Grant
- 34. Grants/Finding Grant Opportunities
- 35. Grants/Grant Acquittals
- 42. Grants/Grant Reporting Systems
- 74. NGOs/Inter-organisational Issues
- 75. NGOs/Inter-state Issues
- 92. NGOs & Government/Sector Expertise
- 93. NGOs & Government/Personnel Movement Between
- 94. NGOs & Government/Relationship Issues
- 95. NGOs & Government/Technology Differences
- 100. Staff/Expertise
- 101. Staff/Grant Writers

## 8. Perceptions of Itself

- 1. Bureaucracy/Culture
- 2. Bureaucracy/Effects on Staff

3. Bureaucracy/General Issues
4. Bureaucracy/Grant Applications
5. Community/Feedback on Programs
6. Community/Impact of Programs
7. Community/Involvement
55. NFPs/Designation Issues
56. NFPs/Justifications for Involvement
57. NFPs/Other Tax Issues
58. NFPs/Representativeness of Sector
59. NFPs/Tax Concession Status
60. NGOs/Alignment with Government Public Policy
61. NGOs/Alliances and Loss of Local Connections
62. NGOs/Best Practices
63. NGOs/Business Model vs. Social Model
64. NGOs/Changing Client Base--Changing Service Delivery Model
65. NGOs/Client Selection--Changing Demographics
66. NGOs/Client Selection--Changing Lifestyles
67. NGOs/Client Selection--General Issues
68. NGOs/Client Statements
69. NGOs/Community Relationships
70. NGOs/Cost Cutting
71. NGO/Credibility
72. NGOs/Effects of Contract Duration
73. NGOs/"Give Us the Suburb" vs. Projects
74. NGOs/Inter-organisational Issues
75. NGOs/Inter-state Issues
76. NGOs/Interplay of Mission & Organisational Structure
77. NGOs/Mission Statements
78. NGOs/National vs. Local Scale
79. NGOs/New Tendering Paradigms (Partnerships, Consortiums, Collaborative Submissions, Joint Submissions, Sector Approaches, etc.)
80. NGOs/Organisational Goals
81. NGOs/Partnerships
82. NGOs/Peak Body Representation
83. NGOs/Power Disparity
84. NGOs/Program Continuity
85. NGOs/Program & Projects Life Cycle
86. NGOs/Projects
87. NGOs/Publicity & Media Relationships
88. NGOs/Service Modelling
89. NGOs/Shared Sector Research
90. NGOs/Size Disparity
91. NGOs/Stakeholder Linkages
92. NGOs & Government/Sector Expertise
93. NGOs & Government/Personnel Movement Between

- 94. NGOs & Government/Relationship Issues
- 95. NGOs & Government/Technology Differences
- 96. Public Sector vs. Private Sector/Boundaries
- 97. Public Sector vs. Private Sector/Competitive Neutrality
- 98. Public Sector vs. Private Sector/Tender Competition
- 99. Staff/Development
- 100. Staff/Expertise
- 101. Staff/Grant Writers
- 102. Staff/Management
- 103. Staff/Other Staff Issues (e.g., Morale, Retention, Work Roles)
- 104. Staff/Sustainable Employment
- 105. Staff/Understanding Organisational Model

## 9. Perceptions of Other Stakeholders

- 5. Community/Feedback on Programs
- 6. Community/Impact of Programs
- 7. Community/Involvement
- 69. NGOs/Community Relationships
- 72. NGOs/Effects of Contract Duration
- 73. NGOs/"Give Us the Suburb" vs. Projects
- 81. NGOs/Partnerships
- 82. NGOs/Peak Body Representation
- 83. NGOs/Power Disparity
- 87. NGOs/Publicity & Media Relationships
- 88. NGOs/Service Modelling
- 89. NGOs/Shared Sector Research
- 90. NGOs/Size Disparity
- 91. NGOs/Stakeholder Linkages
- 92. NGOs & Government/Sector Expertise
- 96. Public Sector vs. Private Sector/Boundaries
- 97. Public Sector vs. Private Sector/Competitive Neutrality
- 98. Public Sector vs. Private Sector/Tender Competition
- 103. Staff/Other Staff Issues (e.g., Morale, Retention, Work Roles)
- 107. Unintended Consequences/Competitive Environment
- 113. Unintended Consequences/Mistrust
- 118. Unpaid Workers/General Issues

## 10. Programs/Projects

- 17. Government/Changes in Personnel & Effects on NGO Projects
- 21. Government/Election Cycle & Effects on NGO Programs
- 24. Government/Public Policy Agendas & Effects on NGO Projects
- 25. Government/Risk Management vs. Risk Elimination
- 62. NGOs/Best Practices

- 70. NGOs/Cost Cutting
- 73. NGOs/"Give Us the Suburb" vs. Projects
- 84. NGOs/Program Continuity
- 85. NGOs/Program & Projects Life Cycle
- 86. NGOs/Projects
- 87. NGOs/Publicity & Media Relationships
- 108. Unintended Consequences/Exaggeration of Best Case Scenarios
- 109. Unintended Consequences/Gaming Behaviour
- 111. Unintended Consequences/Grants Dependency
- 112. Unintended Consequences/Mission
- 114. Unintended Consequences/Overstating Problem Areas

## 11. Staff Issues

- 62. NGOs/Best Practices
- 63. NGOs/Business Model vs. Social Model
- 64. NGOs/Changing Client Base--Changing Service Delivery Model
- 65. NGOs/Client Selection--Changing Demographics
- 66. NGOs/Client Selection--Changing Lifestyles
- 67. NGOs/Client Selection--General Issues
- 68. NGOs/Client Statements
- 69. NGOs/Community Relationships
- 92. NGOs & Government/Sector Expertise
- 93. NGOs & Government/Personnel Movement Between
- 94. NGOs & Government/Relationship Issues
- 99. Staff/Development
- 100. Staff/Expertise
- 101. Staff/Grant Writers
- 102. Staff/Management
- 103. Staff/Other Staff Issues (e.g., Morale, Retention, Work Roles)
- 104. Staff/Sustainable Employment
- 105. Staff/Understanding Organisational Model
- 118. Unpaid Workers/General Issues
- 119. Unpaid Workers/Social Inclusion Issues
- 120. Unpaid Workers/Status
- 121. Unpaid Workers/Value Of

## 12. Unexpected Consequences

- 29. Grants/As Cultural Change Agent
- 41. Grants/Issues of Most Concern
- 106. Unintended Consequences/Bureaucracy
- 107. Unintended Consequences/Competitive Environment
- 108. Unintended Consequences/Exaggeration of Best Case Scenarios
- 109. Unintended Consequences/Gaming Behaviour

- 110. Unintended Consequences/Grants Applications
- 111. Unintended Consequences/Grants Dependency
- 112. Unintended Consequences/Mission
- 113. Unintended Consequences/Mistrust
- 114. Unintended Consequences/Overstating Problem Areas
- 115. Unintended Consequences/Reporting Issues
- 116. Unintended Consequences/Systemic Change
- 117. Unintended Consequences/Tailoring Projects to Grants

## Appendix 11: Coding Pass 3 using NVivo 10/Abstract coding

### Coding Pass 3 Using NVivo 10: Abstract Coding

1. Setting Organisational Mission (including Iterative Selection of Target Base for Services)
2. Maintaining Organisational Attractiveness for Funding Opportunities
3. NGO's Perceptions of Itself & Other Stakeholders in the Government Grants Process
4. Fundraising Activities/Adjustments to Funding Gaps
  - a. Strategy #1: Additional Funding
  - b. Strategy #2: Adjust Programs or Service Recipients
  - c. Strategy #3: Adjust Organisational Focus
  - d. Strategy #4: Cost Cutting

## Appendix 12: Coding Pass 3 including nodes from Pass 2



### Coding Pass 3 including categories from Pass 2

1. Setting Organisational Mission (including Iterative Selection of Target Base for Services)
  - Client Issues
  - Funding
  - Perceptions of Government
  - Perceptions of Itself
  - Perceptions of Other Stakeholders
  - Programs/Projects
  - Staff Issues
2. Maintaining Organisational Attractiveness for Funding Opportunities
  - Alliances
  - Client Issues
  - Funding
  - Grants Process
  - Perceptions of Government
  - Perceptions of Itself
  - Perceptions of Other Stakeholders
  - Programs/Projects
  - Staff Issues
3. NGO's Perceptions of Itself & Other Stakeholders in the Government Grants Process
  - Alliances
  - Client Issues
  - Complexity in the Grants Process
  - Funding
  - Grants Process
  - Perceptions of Government
  - Perceptions of Itself
  - Perceptions of Other Stakeholders
  - Programs/Projects
  - Staff Issues
4. Fundraising Activities/Adjustments to Funding Gaps
  - Client Issues
  - Complexity in the Grants Process
  - Compliance Burdens
  - Funding
  - Grants Process
  - Perceptions of Government
  - Perceptions of Itself
  - Perceptions of Other Stakeholders
  - Programs/Projects

- Staff Issues
  - a. Strategy #1: Additional Funding
    - Alliances
    - Complexity in the Grants Process
    - Compliance Burdens
    - Grants Process
    - Grants Dependency
    - Staff Issues
    - Unexpected Consequences
  - b. Strategy #2: Adjust Programs or Service Recipients
    - Client Issues
    - Complexity in the Grants Process
    - Compliance Burdens
    - Funding
    - Grants Process
    - Perceptions of Itself
    - Programs/Projects
    - Staff Issues
    - Unexpected Consequences
  - c. Strategy #3: Adjust Organisational Focus
    - Alliances
    - Client Issues
    - Complexity in the Grants Process
    - Compliance Burdens
    - Funding
    - Grants Process
    - Perceptions of Itself
    - Perceptions of Other Stakeholders
    - Programs/Projects
    - Staff Issues
    - Unexpected Consequences
  - d. Strategy #4: Cost Cutting
    - Client Issues
    - Complexity in the Grants Process
    - Compliance Burdens
    - Funding
    - Grants Process
    - Perceptions of Itself
    - Staff Issues
    - Unexpected Consequences

## Appendix 13: Summary report

DATE

RETURN ADDRESS

INSIDE ADDRESS

Dear NAME :

At our interview of [Interview Date], you indicated that you would like to receive the Summary Report that went along with the research being undertaken into the public sector grant system. I am pleased to provide that summary herein and if you are interested in reading a fuller account, the research will be submitted toward the end of this year as a doctoral thesis entitled, Public Sector Grants: An Analysis of Complexity in Modern Public Administration, to the University of Tasmania and, if accepted, would become available in their library.

Thank you for your time and input into this effort. I hope the report can at least aid in the important conversation surrounding the issues of NGO funding. I would appreciate your feedback on the summary report. How well does it match your day-to-day experiences? Would you like to suggest any changes? Please send all commentary to me at the address above or feel free to contact me at [petergeorgelas@hotmail.com](mailto:petergeorgelas@hotmail.com).

Kind regards,

Peter Georgelas

[OPTIONAL] P.S. Thank you for letting me borrow your organisation's annual report(s). I have returned [it/them] in this mailing.

## Summary Report

This research was undertaken to better understand how the public sector grants system functions *as a system*. That is to say, how does the interplay between NGOs, Government, Service Clients, Funding Sources, Communities, and a wide range of other stakeholders affect each other? It also seeks to recommend ways of furthering research along this line of inquiry.

### The Grants “System”

The research draws attention to the following attributes of this system:

1. Government [local, state, & federal] is the primary source of funding for NGOs.
2. Government typically funds NGO “programs” or “projects”—not staff development or recurring costs.
3. Government interest in a service client base and the programs to serve them changes frequently over time. [In terms of definition, there is a significant difference in the Clients that are the target of government grants, Clients served by NGOs, and needy Clients at large.]
4. Government funding is usually tied into the political cycle—e.g., grants of a duration of three years or less in Tasmania.
5. Government seeks to reduce funding risk by ever-increasing reporting and compliance standards—complexity that is particularly burdensome to smaller NGOs.
6. Government is not a monolith. Different standards and reporting systems can exist within a government department, between departments, between interstate government entities, etc.
7. NGOs can respond to shortfalls in program funding either by shifting resources internally, or they can respond in one or more of the following ways:
  - a. Obtain additional funding.
  - b. Adjust their “reach,” usually on a program or client basis, form partnerships, or subcontract out service delivery.
  - c. Cut costs.
  - d. Get better at grant funding activities in the long-term.
  - e. Form longer-term partnerships or service delivery subcontracting arrangements.

### Unintended Consequences

Each of the NGO responses to a shortfall can help create “system archetypes,” or patterned behaviour which is really a set of unintended consequences of the grants system:

1. The “easiest” way to make up a shortfall is to apply for additional grants—this dependence of government grants can blind an organisation to other funding opportunities.
2. Where there is no opportunity for partnership or sector grant applications, government grants are a zero-sum game. This makes other NGOs into natural competitors for government grants and can lead to a perception that competition is a barrier to alliances and to the sharing of data amongst NGOs.
3. One way for NGOs to “push back” against the rules (which are primarily set by Government) is to game the system as Liddel Willaims of Cat Haven points out in her response to the Productivity Commission’s report, “Contribution of the Not for Profit Sector”: “Almost every grant we apply for wants to fund a ‘project’. We battle every day just to carry out our core business and to keep volunteers to enable us to do this. Other Grants will not fund everyday running costs. We are getting better at creativity with respect to how our huge vet account can become a ‘project’.”
4. NGOs are hampered by not knowing which of their current or developing projects will be “grant worthy”. If a project suddenly becomes grant-worthy, then it has the potential to drain resources away from other (even long-standing successful) projects. This archetype is called Success to the Successful but in this case, success is measured by the acquisition of grant funding not on objective standards of project efficacy.
5. Another side effect of grant dependency is called Drifting Goals, which is a “drifting away” from target clients to grant-worthy clients. In other words, the gap between an individual NGO’s target clients (clients targeted through the organisational mission), grant-worthy clients (clients that the government grants favor), and (potential) clients not covered (or under-covered) under grant guidelines would be growing over time as ever-changing social conditions produce more variety in those that could benefit from service delivery and there is an inevitable delay in the change of client focus by NGOs and Government.
6. Although there is no fundamental reason a NGO cannot achieve a more balanced outcome, NGOs over time can be pushed onto a track of either offering high quality client services or evolving to become highly efficient in acquiring funding. In part this is a response to a natural impulse to hire and maintain larger and more dedicated staffs around the money-raising side of the organization, because more professional staffs are able to fill out grant applications more efficiently, complete more and a wider range of applications, and are able to handle the increased number of reporting and compliance mechanisms that successful grant awards bring.
7. Those NGOs who are forced into a long-term cycle of cost cutting are also subject to Drifting Goals. The NGO can expect a gradual degradation of quality services since maintaining high quality service delivery requires such a large investment in both personnel training and quality process development. Serious degradation in services over time would reinforce a funding gap leading to another potential vicious cycle and a downward spiral. Outsourcing service delivery also has the potential for altering the

8. organisation's key values and mission, thus having ramifications for issues of morale, retention, and funding.

### **Recommendations**

The research recommends that all of the stakeholders of the public grants system be made aware of the potential unintended consequences inherent in the system design. It is hoped that this awareness can lead to a discussion on how best to alter the grants system in the 21<sup>st</sup> century to make this public policy tool more efficient and effective. Some key questions which may help initiate this discussion could be:

1. What role should competition and cooperation amongst NGOs play in the system?
2. Is there a better way to assess the aggregate effect of multiple programs from multiple NGOs on a community over time?
3. Is there a more "healthy" mix of funding sources that each NGO should strive for?
4. Should NGOs found to be gaming the system be censored in some way?
5. Should grants be less program-specific and more open-ended allowing more freedom by the NGOs to use the money as they see fit?
6. Is there a natural NGO lifecycle? Is a focus on service quality for a particular client base truly sustainable over time?
7. Is there an optimum number of NGOs in a community of a certain size and demographic makeup that takes into account diversity in mission, client base, NGO staff levels and scope?
8. Are Government-enforced partnerships/collaborations for grant applications a good example of collective NGO behaviour or are other models (e.g., Collective Impact -- <http://www.fsg.org/OurApproach/WhatIsCollectiveImpact.aspx>) a better framework?